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No.

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1992

JOHN ERNSTER and EXCELPRO INC.,
Petitioners,

vs.

RALSTON PURINA COMPANY and VAN CAMP SEAFOOD COMPANY, INC. and DELTOWN CHEMURGIC CORPORATION,
Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTIONS PRESENTED

I.

Whether the Court of Appeals for the Federal Circuit is bound by the established standard of appellate review when reviewing factual determinations made by a jury in a complex patent case where the Court's specialized knowledge and training is not part of the record, but could be used to reevaluate the jury's factual determinations?

II.

Whether, in a patent trial, the Seventh Amendment requires the Court of Appeals for the Federal Circuit to apply the same "sufficiency of the evidence" test to a jury's factual determinations as would be required to be applied by all other Circuit Courts in civil jury cases?

LIST OF PARTIES

Rule 28.1 Listing

Excelpro, Inc. is a closely held corporation, and no parent company, subsidiary, wholly-owned subsidiary or affiliate has issued shares to the public.

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

John Ernster and Excelpro, Inc. respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The opinion and judgment of the Court of Appeals (App. A, infra A1-A14) is unreported (See 980 F.2d 743 (Tables Fed. Cir. 1992)). The opinion of the District Court, (Gunn, G.F. Jr.) (App. B, infra A15) is unreported.

JURISDICTION

The jurisdiction of the District Court was based on 28 U.S.C. 1338. The jurisdiction of the Court of Appeals was based on 28

U.S.C. 1295(a)(1). The opinion and judgment of the Court of Appeals for the Federal Circuit issued on October 13, 1992, and a Petition for Rehearing was denied on November 25, 1992 (App. C, infra A33). The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

The Seventh Amendment to the United States Constitution provides as follows:

> In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by jury shall be otherwise reexamined in any court of the United States, than according to the rules of the common law.

STATEMENT OF THE CASE

1. *INTRODUCTION*

Excelpro, Inc. ("Excelpro") was started by petitioner, John Ernster ("Ernster"), in the mid-1970's with $5,000 in capital (Ernster A571)[1]. Ernster envisioned creating a niche for Excelpro in the canned tuna fish industry by developing a casein[2] product which would improve the flavor and appearance of canned tuna fish and which would be economically advantageous to tuna canners (Ernster A572; Simon A3884).

For this purpose, Ernster began experimenting with a casein product he called E-PRO-HY[3] in or about late 1976. The

[1] Citations to the Joint Appendix filed with the Court of Appeals for the Federal Circuit are "A___." Citations to trial exhibits in the Joint Appendix filed with the Court of Appeals for the Federal Circuit are "AE___."

[2] A milk protein.

[3] E-PRO-HY refers to the product of the '933 patent (AE1933-40). This term is also used to describe the product of the Ser. No. 179771 ('771) patent application (AE1-78).

prevailing view was that, since alkaline hydrolysis tended to destroy amino acids, this was not feasible with hydrolyzed casein. (Herz, A5595-6; AE1878-1932; Connolly A1555-56).

Lacking funds, equipment, and research facilities, he approached the owner of Pan Pacific, a small tuna canner, in or about early 1977, seeking assistance for product development (Ernster A574). A letter of intent of June 27, 1977 reflected their agreement in that regard. (AE704; Ernster A574).

Upon completion of the experimentation on or about February 22, 1980, McGrath, the Director of Technical Services for Pan Pacific, indicated he was "astonished" at the improvement of the tuna canned with Ernster's product. McGrath found "less fish flavor" and "much lighter color" with the added advantage of a "much better cake formation." McGrath said that it was hard for him to believe "such a small amount of hydrolyzed protein could result in such a drastic improvement" (AE3648; Ernster A615-7). He was going to seek approval of the product by companies for which Pan Pacific packed tuna (AE3648).

'771 Application and TSP Product

Ernster filed the '771 application on August 20, 1980 (AE1-78). This was an application for a tuna fish process which employed casein treated with trisodium phosphate (TSP) "in the presence of water"[4] (AE19). The product was represented as hydrolyzed by the Petitioners (AE10), and was the direct result of experimentation conducted at Pan Pacific. (Ernster A596-8; P. Ernster A2195).

Respondent Van Camp[5] concluded that the TSP product improved the quality of the canned tuna and improved yield, i.e.,

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[4] TSP crystals contain water (Ernster, A5071; Whittaker A3525; Bidlack A2851).

[5] Citations to respondent, "Van Camp" in this brief refer to both Van Camp and Ralston.

less raw tuna used to meet government weight standards. However, they also concluded that the TSP product was *not* hydrolyzed as required by the Federal Standards of Identity.[6] (Simon A2041-2, 2046-7; AE2826-27).

Because the product was not hydrolyzed (Bidlack, A5824-5), Ernster commenced further developmental activities and experimentation designed to find a truly hydrolyzed product that was free of phosphates (Ernster A592-3, 598, 652, 654-60).

The Development of the '820 and '933 Patents

Ernster abandoned the '771 patent application and filed continuation-in-part applications on February 19, 1982, and on August 23, 1984, which became the '820 and '933 patents (AE1870-77, 79-157, 1933-40, 234-337). The claims of the '820 patent and of the '771 application follow the same conceptual approach with the fundamental difference of substituting a sodium hydroxide solution for crystal TSP (AE1-77).

In late 1982 or early 1983, Excelpro approached Van Camp in an effort to sell Van Camp its '933 process (Harpe A502-04). Van Camp received, in confidence, trade secrets and information concerning the delivery systems (beyond that set forth in the '820 patent process), and the application and use of hydrolyzed protein from Excelpro (Harpe A460-62) which was derived from the technical information developed by Petitioners during the expensive and lengthy development of E-PRO-HY (P. Ernster A2211). Van Camp understood that Excelpro provided this information in confidence (Harpe A429-31, 460-1, 464, A504-6; P. Ernster A2205-11; John Ernster A890-1; Reinke A4441-2).

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[6] The Federal Standards of Identity for canned tuna regulate the ingredients which may be added to products identified as canned tuna (AE2826-27 and 21 C.F.R. § 161.190). One such flavor ingredient is hydrolyzed protein. Since the TSP product was not hydrolyzed, it was not a legal ingredient, nor is sodium caseinate a legal ingredient. (Reinke A4309-10; Simon A3805; AE3771-87).

Dr. Reinke, Van Camp's manager of research and development confirmed that it was the general understanding that information exchanged was in confidence. (Reinke A4441-42).

The effect of the confidential information and trade secrets passed to Van Camp was to enable Van Camp to develop a delivery system for E-PRO-HY and to use the product to the best possible effect, thereby increasing the yield and the quality of its canned tuna well beyond the information disclosed in the patents. (Simon A2062; Avers A2126-7).

Van Camp used Ernster's product and process exclusively from mid-1984 to in or about early 1987 (Avers A2162; Simon A2054, 2115, 3876-77).

Van Camp concluded that Ernster's product was patent protected. It could be duplicated, but they could not legally use a duplicate (AE2764). Notwithstanding this, Van Camp immediately attempted to "bypass" Ernster's patents and undertook an unsuccessful, vigorous effort to develop in-house protein products with equivalent advantages as those offered by Petitioners' hydrolyzed casein product (AE2695-96, 2697, 2823, 2764, 3470; Simon A2051-53; York A3180-81).

Dr. Lawrence York, a food science expert for Van Camp, had not experimented with the sodium hydroxide treated casein in his effort to develop an alternative to E-PRO-HY because that was the product of Ernster's patent (York A3197-3200).

When the effort to develop an in-house protein product proved unsuccessful, Van Camp began to work closely with Deltown (of New York) to develop a replacement hydrolyzed protein product (Avers A2147; Henke A1221-22; Thompson A2410-12, 2472; AE3399, 3407-08, 3420-21; 3471-72 titled "Re: Replacement of Current Patent Protected Hydrolyzed Protein Product").

When they determined a non-casein based product would be a long-term project, Van Camp informed Deltown that a casein-

based product would be acceptable (York A3235; AE89, 2687-93). Van Camp cautioned Deltown, however, not to infringe the '820 patent (AE2687, 2690, 2692)[7].

In late 1986, Deltown developed, Dellac "86101", a hydrolyzed casein product, using casein treated with sodium hydroxide, much as set out in Petitioners' patent.[8] The physical changes which occurred were the same as in the making of the E-PRO-HY (AE1870-77, 1933-40) and the same equipment and ingredients[9] were used in the production of 86101 as with E-PRO-HY (Thompson A2477-8).

Tim Callahan, Chief Chemist at Deltown, told David Henke, Director of Sales at Deltown, on several occasions that "the enzyme was added to create a difference but it really had no physical effect"[10] (Henke A1216). Shortly after joining Deltown, Henke was told by Barry Bardo, the prior sales manager of Deltown, that 86101 was a "knock-off" of the E-PRO-HY product (Henke A1332-34).

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[7] This type of caution was the only step taken by Van Camp to ensure that the replacement product did not violate Ernster's patents (Reinke A4428; York A3235-6).

[8] The same process was used as was developed by Excelpro (AE2923-24). Less sodium hydroxide was used than in petitioners' product, but the addition of the sodium hydroxide was more rapid than in the manufacture of E-PRO-HY resulting in only a portion of the casein being hydrolyzed. (AE 1565-67, 2592, 2857, 2923-4; Connolly A1569-1575, 1587-88).

[9] An enzyme was also added to 86101 which had no effect and was designed to disguise 86101 as a knock-off of E-PRO-HY. (Henke A1216, 1332-34; Bidlack A2720-2736).

[10] This admission alone supports the jury verdict of infringement in that Deltown's head chemist is acknowledging that the products (86101 and E-PRO-HY) are the same. They were produced by substantially the same process (AE2923-23, 2591, 2923-4). The admission of an attempt to disguise the infringement with a nonfunctional enzyme and filler (sodium caseinate) further supports the jury verdict.

86101 and E-PRO-HY were used by tuna packers interchangeably. (Henke A1256). Van Camp assisted Deltown in selling 86101 to other tuna canners (AE2785; Reinke A4365). Deltown labeled its shipping bags[11] (86101) as hydrolyzed protein.

Van Camp consciously chose *not* to test or to determine the ingredients of 86101 and instead relied on an indemnification clause in its sales contract with Deltown (York A3247-48; Reinke A4353-54; Hill A4482-5; Avers A2155-59; AE2617-28, 2736-46).

2. *PROCEEDINGS IN THE DISTRICT COURT*

Petitioners filed their complaint in the U.S. District Court for the Eastern District of Missouri on September 4, 1987 and the first amended complaint on July 16, 1990. The trial commenced August 20, 1990 and concluded October 19, 1990 with a jury verdict for the Petitioners on all counts *except* Count IV (Breach of Contract against Van Camp). The jury found Van Camp liable for: patent infringement, conspiracy to infringe, misappropriation of trade secrets; fraud; and unjust enrichment. The jury found Deltown liable for: patent infringement; conspiracy to infringe; misappropriation of trade secrets; intentional interference with contractual or business relations; and unjust enrichment.

Special interrogatories were submitted to the jury regarding patent infringement and the defenses raised by the Respondents (App.B, A17-A32). The jury not only found infringement of the three patents, but also found the infringement to have been willful. Further, after due deliberation over an extended period, the jury rejected the defenses asserted by the Respondents.

The jury awarded Petitioners damages in the amount of $2,654,767 from Van Camp and $2,492,852 from Deltown. The

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[11] If labeled sodium caseinate, the FDA inspectors would not have permitted its use in canned tuna. (*See* footnote #6)

District Court affirmed the jury's verdict, but reduced the total award by $248,000 on the ground that the conspiracy verdict was joint and several (District Court, A26). The jury found against Deltown on all of its counterclaims (District Court, A14-15).

At the close of the evidence and after the jury's verdict, Respondents moved for a judgment notwithstanding the verdict, which was denied (District Court, A26). Van Camp and Deltown appealed from a jury and District Court determination finding sufficient evidence to support wilful patent infringement by the Respondents and in support of most of Petitioners' state law claims.

3. *PROCEEDINGS IN THE COURT OF APPEALS*

The Court of Appeals reversed the judgment of infringement and willful infringement on all three patents in question (App. A, A1-A14).

The '820 Patent: The Court ruled that Claim 1 of the '820 patent had been anticipated by a prior Japanese patent and was, therefore, invalid. It also ruled that no reasonable jury could have found the remaining claims of the '820 patent violated. (App. A, at A5).

The '933 Patent: Similarly, the Court of Appeals held that, "Because no reasonable jury, applying properly interpreted claims, could have found infringement of any of the claims of the '933 patent, this court reverses." (App. A, at A9).

The '588 Patent: After deciding that the proper factual interpretation of the patent claims precludes literal infringement since "the '588 patent does not literally encompass the accused process or product" (App. A, at A9), the Court observed that the jury must have found infringement under the Doctrine of Equivalents. The Court noted that the Doctrine of Equivalents would not support Petitioners' claim of infringement because Ernster

had emphasized the importance of using the specific enzymes during prosecution of the '588 patent (App. A, at A10).

State Law Claims: The Court of Appeals also reversed the judgments of trade secret misappropriation, intentional interference with business relations, unjust enrichment, and fraud on the grounds of insufficient evidence, not withstanding a trial that extended over a seven (7) week period.

REASONS FOR GRANTING THE WRIT

1. THE FEDERAL CIRCUIT, AS A COURT OF APPEALS, HAS NO GREATER AUTHORITY TO EXERCISE DE NOVO REVIEW OF FACTUAL DETERMINATIONS MADE BY A JURY THAN THE OTHER CIRCUIT COURTS, EVEN IN PATENT CASES.

On appeal, the standard for reviewing factual determinations made by a jury is firmly entrenched judicial doctrine. However, with the creation of the Court of Appeals for the Federal Circuit (CAFC) there has been pronounced judicial activism in the area of the Court's limited jurisdiction. The impact has been that factual determinations of a jury or a judge are accorded *no* deference, despite a recognition by the Court of the traditional review standards.

Factual determinations are being reviewed not to determine if they are supported by sufficient evidence or are clearly erroneous but to see whether they are "correct" or "proper" in the CAFC's subjective opinion. The judges for the CAFC are using their scientific backgrounds and technical expertise to reevaluate the jury's factual determinations. The Court is considering evidence outside of the record (i.e. never heard by the jury), and is reconsidering the evidence which was before the jury using a *de facto, de novo* standard of review.

Two CAFC scholars explained the desperate need for scrutiny of the CAFC's *de novo* review of District Court factual findings in this fashion:

> [T]here is unquestionably an urgent need for the Supreme Court, upon grant of *certiorari* and under its powers of supervision, to evaluate the CAFC's role as a reviewer of trial court factual determinations. The fundamental concern is that the CAFC has so usurped the power and function

of the trial court as fact finder as to be disruptive of the federal judicial process.[12]

Despite the CAFC's acknowledgement that it is bound by the traditional standards of review applicable to all other Circuit Courts in civil matters,[13] there have been an inordinate number of cases which have caused those who closely follow the CAFC to question whether the Court has intentionally assumed an improper role as a fact finder.[14] These cases involve substitutions and reversals of disputed factual findings for which conflicting evidence was presented at the District Court level.[15]

[12] E. Filardi and R. Scheinfeld, "Appellate Review of Patent Bench Trials: Is the CAFC Following Rule 52(a)?" in Current Developments in Patent Law, 9 (1985).

[13] *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1535 (Fed. Cir. 1983). This acknowledgement does appear in the CAFC's published opinions. One has to question the standard of review exercised by the CAFC in its unpublished opinions which go unseen and unnoticed by most patent practitioners when the court feels so free to apply the standard "creatively" in those opinions that are being read and published. See Patrick G. Burns, Richard Killworth, Dale Lazar, and Robert Turner, "Designing Around Valid U.S. Patents" course material, Jan.31-Feb.3 (1993) which can be read to suggest that the CAFC is doing some of its most innovative and creative law making in its unpublished opinions as is illustrated by this case.

[14] It was fear of this exact type of judicial activism in the area of the Court's specialization coupled with the narrow perspective which resulted from the absence of broad exposure to legal problems in a variety of fields that caused the commission studying revision of the federal court appellate system to advocate against creating a specialized court. "Commission on Revision of the Federal Court Appellate System, Structure and Internal Procedures: Recommendations for Change," 67 F.R.D. 195, 234 (1975).

[15] *See* e.g., *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540 (Fed. Cir. 1983), cert denied, 105 S. Ct. 172 (1984) in which the majority said it was not persuaded by the evidence which had persuaded the District Court and thus reached a different factual conclusion even though none of the District Court's findings were ever held to be clearly erroneous; *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530 (Fed. Cir. 1983) in which the CAFC

(Footnote 15 continued on next page)

Petitioners recognize that these cases have given this Court numerous opportunities to review CAFC *de facto, de novo* review of District Court factual determinations. However, unlike the cited petitions for certiorari, the case at bar involves factual determinations made by a jury, not the trial judge. The implication of the Petitioners' Seventh Amendment jury rights demonstrates a new urgency and concern which desperately needs to be addressed by this Court.

Petitioners' depiction of the CAFC as being a court "out of control" and their complaints of excessive *de novo* fact finding by the CAFC are not exaggerated. Over a three year period the CAFC reversed (or reversed in part) 41% of all District Court jury verdicts. More specifically, it reversed 50% of all District

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(Footnote 15 continued)

usurped the District Court's function and determined that the weight of the evidence disfavored validity; *Rhom & Haas Company v. Crystal Chemical Company, et al.*, 722 F.2d 1556 (Fed. Cir. 1983), cert denied, 105 S. Ct. 172 (1984) in which the CAFC made its own factual findings as to the factual issues underlying the question of patent validity on findings that were heavily disputed factual issues before the district court; *TP Laboratories, Inc. v. Professional Positioners, Inc. et al.*, 724 F.2d 951 (Fed. Cir. 1983), cert denied, 105 S. Ct. 127 (1984) in which the CAFC, without giving proper regard to the standard of review, reversed the District Court's finding of prior public use; *Amstar Corporation v. Envirotech Corporation et al.*, 730 F.2d 1476 (Fed. Cir. 1983), cert denied 105 S.Ct. 306 (1984) in which the court rejected the District Court's factual findings on the issues of infringement and infringement by equivalence; *Simmons Fastner Corp. v. Illinois Tool Works*, 739 F.2d 1573 (Fed. Cir. 1984), cert denied, 105 S. Ct. 2138 (1985); *RCA Corp. v. Applied Digital Data Systems, Inc.*, 730 F.2d 1440 (Fed. Cir. 1983), cert dismissed, 105 S.Ct. 32 (1984); *Jones et al. v. Hardy*, 727 F.2d 1524 (Fed. Cir. 1984); and E. Filardi and R. Scheinfeld, "Appellate Review of Patent Bench Trial," in Current Developments in Patent Law, 9 (1985).

Court jury verdicts on questions of patent validity.[16] Considering the deference which should be shown to jury decisions, these numbers are illuminating testimony of the CAFC's campaign to manipulate jury findings to its will, even while citing the "magic" standard of review in its opinions.

In *Baginsky v. United States*, 697 F.2d 1070, (Fed. Cir. 1983) Judge Kashiwa in his dissent expressed exactly this concern about the expanding nature of the Court's appellate jurisdiction and function:

> [J]urisdiction is purely statutory and may not be expanded beyond its statutory grant....yet, the majority finds it appropriate to usurp the function of [the lower court] and make its own *de novo* factual findings. The majority fails to recognize that...the jurisdiction of this court, like that of other courts of appeals, is exclusively appellate. This court does not have any original jurisdiction, that jurisdiction is vested in [the lower court].[17]

Many members of the patent bar have daringly questioned whether juries should be used at all in patent cases or whether the standard of review should be altered when the CAFC is reviewing factual determinations in a patent case.[18] The CAFC's

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[16] See D. Dunner, "Introduction: The United States Court of Appeals for the Federal Circuit - Its First Three Years," 13 AIPLA Quarterly Journal, 185 (1985). The analysis includes all cases decided by the CAFC in which the court addressed patent law issues. Published opinions of cases decided by the court from its inception (October 1, 1982) through October 17, 1985 and unpublished opinions of cases through October 23, 1985 were analyzed.

[17] *See also* Judge Kashiwa's dissent in *RCA Corp. v. Digital Data Systems, Inc.*, 730 F.2d 1440, 1448 (Fed. Cir. 1984).

[18] See R. Cooper Dreyfuss, "The Federal Circuit: A Case Study in Specialized Courts," 22 Intellectual Property Law Review, 3 (1990), who advocates that the standard of review should be different when applied to patent cases. She comments that, " Where the trial court is composed of

(Footnote 18 continued on next page)

reluctance to apply the proper standard of review is, perhaps self-justified, considering its limited jurisdiction and its superior technical knowledge, but it is not supported by law. The CAFC is allowing its scientific views to influence or decide cases, even when those views (facts) were not developed at the trial level. Therefore, why permit a jury trial at all if the CAFC is effectively preempting the jury's role and reevaluating the evidence to craft new factual determinations.

This Court has not provided any authority to suggest that patent trials should be conducted or reviewed differently than other civil trials. Nor does the Seventh Amendment to the Constitution provide an exception for cases which are technologically complex.[19] Nor is there any evidence to suggest that Congress intended to create a separate U.S. Supreme Court for patent cases or to imbue the CAFC with greater authority to review lower court decisions based on their narrowed jurisdiction, than was given to the other Circuit Courts.[20] One Senate

(Footnote 18 continued)

generalists and the appellate court is staffed to deal with the complex factual issues being tried, the assumption breaks down, for the appellate court is at least as well situated to find the facts as the trial court....Thus it seems somewhat peculiar to allow a layman's decision to stand on a technical issue such as the content of prior art, when the experienced judges of the CAFC, and the experts they employ, think that the finding is wrong, but not "clearly erroneous." See also, H. Markey, *On Simplifying Patent Trials*, 116 F.R.D. 369, 372 (1987).

[19] Indeed, if the uniqueness of patent law is a reason justifying special trial procedures and practices, arguably a special set of trial procedures and practices should be required for many equally unique areas of law, such as RICO, Title VII, SEC, or Title IX. See H. Markey, *On Simplifying Patent Trials*, 116 F.R.D. 369 (1987).

[20] In fact, the failure of the CAFC to apply the proper standard of review to trial court factual determinations has frustrated one of the very purposes for which this special court was created. S. Rep. No. 275, 97th Cong., 2d Sess. 2, reprinted in 1982 U.S. CODE CONG. & AD. News 11, 12. Establishing

(Footnote 20 continued on next page)

Report describes the structure of the CAFC as follows: "The new court is on [a] line with other Federal courts of appeals that is, it is not a new tier in the judicial structure."[21]

The CAFC is a Circuit Courts of Appeals and the *de novo* fact finding exercised in practice by the CAFC should not be tolerated. Petitioners only request that they be given the same right to have a jury trial and to have that jury determination upheld as would be granted in any other type of case.[22]

The actions of the CAFC in ignoring District Court factual determinations (as documented in footnote 15) were not an early aberration of the CAFC, but continue to date. In arguing against appellate reversal, Judge Pauline Newman, Circuit Judge CAFC, in *Malta v. Schulmerich Carillons, Inc.*, 952 F.2d 1320 (Fed. Cir. 1991) accurately reflects the position of the petitioners.

> Today's paternalistic ruling that more and different evidence and argument are required when infringement is tried to a jury diverts patent jury trials from the mainstream of the law, a place assured by history....So long as the Seventh Amend-

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(Footnote 20 continued)

order in the patent system can never be achieved where litigants are allowed to retry their cases at the appellate level. The result is to decrease the certainty and finality of any lower court judgment and to correspondingly increase the number of appeals to the CAFC. See E. Filardi and R. Scheinfeld, "Appellate Review of Patent Bench Trials: Is the CAFC Following Rule 52(a)?" in Current Developments in Patent Law, 9, 17 (1985).

[21] S. Rep. No. 275, 97th Cong., 2d Sess. 2, reprinted in 1982 U.S. Code Cong. & Ad. News 11, 12-13.

[22] If however, this Court should determine that the CAFC's technical expertise allows them greater latitude when reviewing District Court factual findings, Petitioners request that this standard at least be enumerated by the Court so that future patent litigants can consider the cost and burden of the inevitable appeal to the CAFC in deciding whether to file a patent claim in U.S. courts, as well as to allow them to weigh the risk that should the CAFC rule against the petitioner there will be little likelihood of Supreme Court review.

> ment stands, the right to a jury trial should not be rationed, nor should particular issues in particular typed of cases be treated differently from similar issues in other types of cases.

[I]t is appropriate to affirm unequivocally that *patent litigants are entitled to neither a greater nor a lesser but to the same right to a jury trial, under the same governing considerations, as are all other litigants* (emphasis added).

There is, of course, no reason for considering patent cases as somehow out of the mainstream of the law and rules of procedure applicable to jury trials for centuries under our jurisprudence.

2. APPLICATION OF THE PROPER STANDARD OF REVIEW BY THE CAFC WOULD REQUIRE THAT THE JURY'S AND THE DISTRICT COURT'S DECISION BE UPHELD

Unless this Court declares an exception for the CAFC when reviewing factual determinations made in a patent case, the scope of appellate review for issues tried by a jury is governed by the Seventh Amendment to the Constitution of the United States. It prohibits overturning jury findings that are based upon sufficient evidence.[23] The function of the appellate court in reviewing factual determinations is not to act as the seventh juror. It is to determine whether the record contains competent and substantial evidence which tends to support the verdict of the jury.[24]

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[23] 5A Moore's Federal Practice 52.02.

[24] *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565 (Fed. Cir. 1986); *Structural Rubber Prods. Co. v. Park Rubber Co.*, 749 F.2d 707 (Fed. Cir. 1984); *Shatterproof Glass Corp. v. Libby-Owens Ford Co.*, 758 F.2d 613 (Fed. Cir. 1985). In one recent, unrelated case, Chief Justice Renquist stressed that federal judges have no authority to second guess the jury's conclusion. Judges are not empowered to correct errors of fact, even if a mistake could lead to the execution of an innocent person. *Leonel Torres Herrera v. James A. Collins, Director, Texas Dept. Criminal Justice*, ___ S. Ct. ___ (1993), 1993 W.L. 10369 (U.S.). Should the CAFC have greater authority in matters of even less importance?

Substantial evidence is such relevant evidence from the record taken as a whole as might be accepted by a reasonable mind as adequate to support the finding under review.[25] It requires more than "a mere scintilla" of proof,[26] a standard the CAFC recognizes, but surprisingly does not follow.

To obtain reversal after a jury finding of infringement, the petitioner to the Circuit Court must show either that reasonable persons, in light of the evidence presented, could not have found the facts necessary to support the verdict or that the conclusions necessary to the general verdict were not supported by substantial evidence.[27]

In *Lavender v. Kurn*, 327 U.S. 645 (1946), the Supreme Court determined that reversible error occurs where there is a complete absence of probative facts to support the jury's verdict or findings.

In *Polaroid Corp. v. Eastman Kodak Co.*, 789 F.2d 1556, 1559 (Fed. Cir. 1986) the Court declared that the burden of overcoming the District Court's factual findings is, as it should be, a heavy

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[25] Circuit Judge Neiss, speaking for the CAFC compares the various standards of review of facts as follows: The standards most commonly specified are "de novo," "clearly erroneous," "supported by substantial evidence," and "arbitrary and capricious," which I translate roughly into questions of increasingly narrow focus: is a finding of fact right; is it wrong; is it unreasonable; is it irrational. *SSIH Equipment S.A. v U.S. Int'l Trade Comm.*, 718 F.2d 365 (Fed. Cir. 1983).

[26] *Orthokinetics, Inc. v. Safety Travel Chair, Inc.*, 806 F.2d 1565 (Fed. Cir. 1986); *Perkin-Elmer Corp. v. Computervision Corp.*, 732 F.2d 888 (Fed. Cir. 1983), *cert denied*, 469 U.S. 857 (1984); *Structural Rubber Prods. Co. v. Park Rubber Co.*, 749 F.2d 707 (Fed. Cir. 1984).

[27] See *Verdegaal Bros., Inc. v. Union Oil Co.*, 814 F.2d 628 (Fed. Cir. 1987); *Bio-Rad Labs, Inc. v. Nicolet Inst. Corp.*, 739 F.2d 604 (Fed. Cir. 1984); *Perkin-Elmer Corp. v. Computervision Corp.*, 732 F.2d 888 (Fed. Cir. 1984); *Railroad Dynamics, Inc. v. A. Stucki Co.*, 727 F.2d 1506 (Fed. Cir. 1984); *McGill, Inc. v. John Zink Co.*, 736 F.2d 666 (Fed. Cir. 1984).

one. Ironically, the CAFC noted that in reviewing the judgment, the court does not repeat the role of the trial judge in finding its own facts.[28]

Where credibility determinations are involved, it is especially important to observe the rule which only requires more than "a mere scintilla" of evidence to support the jury's determination. Determining the weight and credibility of the evidence is the special province of the trier of fact.[29]

Further, it is a well established principle that overturning the jury's decision is not justified simply because another conclusion or inference might also have been supported by the evidence.[30]

In *Anderson v. City of Bessemer City, N.C.*, 470 U.S. 564 (1985), this Court observed that it is commonplace that findings

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[28] See also *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100 (1969); *DeSarno v. Department of Commerce*, 761 F.2d 657 (Fed. Cir. 1985); *Lear Siegler, Inc. v. Aeroquip Corp.*, 733 F.2d 881, 887 n.5 (Fed. Cir. 1984).

[29] *Revlon, Inc. v. Carson Products Co.*, 803 F.2d 676 (Fed. Cir. 1986); *DMI, Inc. v. Deere & Co.*, 802 F.2d 421 (Fed. Cir. 1986); *Kloster Speedsteel AB v. Crucible, Inc.*, 793 F.2d 1565 (Fed. Cir. 1986); *Hybritech, Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367 (Fed. Cir. 1986); *Rolls Royce Ltd. v. GTE Valeron Corp.*, 800 F.2d 1101 (Fed. Cir. 1986); *Ashland Oil v. Delta Resins & Refracs., Inc.*, 776 F.2d 281 (Fed. Cir. 1985); *American Original Corp. v. Jenkins Food Corp.*, 774 F.2d 459 (Fed. Cir. 1985); *Bose Corp. v. Consumers Union of the U.S., Inc.*, 466 U.S. 485 (Fed. Cir. 1984); *Anderson v. City of Bessemer City, N.C.*, 470 U.S. 564, 575 (1985); *McGill Inc. v. John Zink Co.*, F.2d 666 (Fed. Cir. 1984); *Railroad Dynamics, Inc. v. Stucki Co.*, 727 F.2d 1506 (Fed. Cir. 1984).

[30] *Anderson v. City of Bessemer City, N.C.*, 470 U.S. 564 (1985); *American Original Corp. v. Jenkins Food Corp.*, 774 F.2d 459 (Fed. Cir. 1985). In *DMI Inc. v. Deere & Co.*, 802 F.2d 421 (Fed. Cir. 1986), the Court held that where there are conflicting elements in evidence as to a particular factual claim, the Court of Appeals may not substitute its choice for that of the jury. It maintained that, "A party who fails to tell a story convincingly to a jury may not correct that failure on appeal when his adversary has presented evidence on which a reasonable jury could reach the conclusion that it did".

other than those of the trial judge might find some support in the record, or that the reviewing judges if sitting at trial might have reached some other findings. It is therefore ineffective on appeal merely to present a scenario in which the trial court could have gone the appellant's way.

In *Shatterproof Glass Corp. v Libby-Owens Ford Co.*, 758 F.2d 613, 619 (Fed. Cir. 1985) the Court related that due deference must be given to the opportunity of the jury and the trial judge to have observed the witnesses and viewed the exhibits over a lengthy trial. The role of the Court of Appeals is only to review the evidence as a whole and ascertain whether there was substantial evidence in support of the jury's verdict.

Since the CAFC is bound to apply the same standard of review of jury determinations as the Circuit Courts of Appeals, and keeping in mind the deference required to be shown to jury decisions, the question is whether the CAFC applied the proper standard in the case at bar.

Patent '820: The CAFC concluded that the Japanese publication anticipates Count I the '820 patent (App. A, at A5, para. 1) and from this found that no reasonable jury could have found infringement. However, anticipation and infringement are questions of fact for the jury to decide. *Richardson v. Suzuki Motor Co., Ltd.*, 868 F.2d 1226, 1235 (Fed. Cir. 1989).

In *Jurgens v. McKasy*, 927 F.2d 1552 (Fed. Cir. 1991), the Federal Circuit, on an issue of fact regarding anticipation by prior art, refused to substitute its views of conflicting evidence and properly deferred to the trier of fact. The Court said, "We need not say which of these arguments is more persuasive. *What a reference teaches is a question of fact for the jury to decide.*" (emphasis added). The issue of anticipation is a fact question to be decided by the jury. *Richardson v. Suzuki Motor Co., Ltd.*, 868 F.2d 1226, 1234 (Fed. Cir. 1989).

In *Kloster Speedsteel AB v. Crucible, Inc.*, 793 F.2d 1565, 1572 (Fed. Cir. 1986), the CAFC specifically noted that the role of the Federal Circuit in a patent case is not that of an examiner considering a patent claim in light of prior art. Where there are two permissible views of the evidence, the fact finder's choice between them cannot be deemed to violate the standard of review. Arguments on appeal which ignore the District Court's credibility determinations cannot of themselves establish that the findings failed to meet the standard of review.[31] A standard ignored in the case at bar.

However, this is precisely what occurred in the case at bar. The Court of Appeals accepts and reiterates the evidence offered by Respondents. It ignores the jury's findings as to the anticipation evidence, repeats testimony upholding its desired conclusion, and never bothers to assert that the jury's interpretation was entirely irrational and unreasonable.

The finding of the jury and the District Court that the Japanese publication did not anticipate claim 1 of the '820 patent is fully supported by substantial evidence in the record. The Japanese publication was directed to the use of sodium caseinate, not a legal ingredient in canned tuna in the United States, to control the formation of dangerous glass-like crystals (struvite) in canned tuna. It was not designed or functional for the purposes of lightening the meat color, improving caking, reducing the fishy smell or permitting substantial savings to the tuna canner by allowing the use of less tuna meat to achieve the government mandated weight standard. (Simon, A12062, 2054, 2115, 3876-66; Avers, A2126-7, 2162). (The use of less tuna meat in the canning process resulted in savings to Van Camp of between $4.4 and $9 Million per year[32]). The substantial evidence

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[31] *See also Rolls Royce Limited v. GTE Valeron Corp.*, 800 F.2d 1101 (Fed. Cir. 1986).

[32] See AE2822, 2820, 3597; Avers A2127; Reinke A4301; Simon A2062; Harpe A556-7.

supporting the jury's finding was erroneously ignored by the CAFC.

The CAFC seized upon language in the Japanese publication which noted some benefit in the use of "dispersed caseinates with excellent nutritional value and taste". However, the jury was presented evidence which made clear that the reference was to the taste of sodium caseinate itself, since in example 4, which deals specifically with canned tuna, the Japanese concluded "there was no difference in the meat quality or taste" (upon the addition of sodium caseinate)(AE764).[33]

Based on the evidence presented, it was reasonable for the jury to reach the conclusion that the Japanese publication did not anticipate claim 1 of the '820 patent when viewing the record as a whole. By failing to give deference to the jury's factual determination on the issue of anticipation, the CAFC failed to apply the proper standard of review and violated Petitioners' Seventh Amendment rights to a jury determination of their claims.

In order to further disguise its *de facto, de novo* fact finding, the Court of Appeals stated that the jury must have misinterpreted certain '820 patent claims, or else it never could have concluded that the patent was infringed. (App. A at A6). In sum, the general policy is, despite a jury's protected constitutional role, the CAFC will presume the jury or court erred, "correct" that mistake, and then reverse the conclusion to fit the CAFC's "proper" interpretation.

In *McGill v. John Zink Co.*, 736 F.2d 666, 672 (Fed. Cir. 1984), the court held that where a jury did not make express findings on the issue of claims construction, the court would presume the

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[33] Dr. Simons of Van Camp concluded after experimenting with sodium caseinate that it was not functional in canned tuna like E-PRO-HY and that since it was not hydrolyzed, it was not a lawful ingredient in canned tuna (AE2826-7, 758-64; Simon A3938-41, 3910; Bidlack A2884).

existence of the facts necessary to support the construction advocated by the prevailing patent holder. The test would then be to determine if those facts were supported by substantial evidence; a standard ignored in this case.

In *Bio-Rad Laboratories, Inc. v. Nicolet Instrument Corp.*, 739 F.2d 604, 613 (Fed. Cir. 1984), the CAFC held in a patent infringement action, and ignored here, that the Court of Appeals considers only whether reasonable jurors could have interpreted the claim in the manner presumed.

In the case at bar, the CAFC merely listed reasons to support a contrary interpretation of the claims listed in the patent. It never inquired as to whether the facts were sufficient to support the construction advocated by Ernster and adopted by the jury and the District Court.

The technical nature of the issues involved does not warrant this Court showing deference to the CAFC factually retrying the issues based on its limited jurisdiction. Complex and technical matters are the subject of numerous trials conducted daily throughout this country upon a variety of legal issues and are fairly and accurately adjudicated in an environment which fosters regard for the civil justice system. Until the Seventh Amendment of the Constitution is amended, the issue is not whether the CAFC's reasoning and conclusions are factually supportable or even better reasoned than the jury's, but whether the CAFC may ignore the substantial evidence and rewrite the "facts" as it finds appropriate; or, more succinctly, whether the petitioners are entitled to a jury trial on the factual issues.

It does not matter that the Respondent may be able to reconstruct its proofs to show that another factual conclusion could or even should have been reached.[34] There is substantial evidence

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[34] *Studiengesellschaft Kohle v. Dart Industries, Inc.*, 726 F.2d 724 (Fed. Cir. 1984).

to support the interpretation of the claims advocated by the Petitioners and to support the jury's determinations.

Petitioners developed sufficient factual evidence that convinced a jury, not by the preponderance of the evidence, but by clear and convincing evidence that Respondents willfully infringed Petitioners' patents by demonstrating that the patented product and infringing process employed the same ingredients and techniques; were manufactured essentially the same; used the same equipment; and functioned the same in a can of processed tuna (AE1870-77, 1933-40; Thompson, A2477-78), as taught by Petitioners' patents.

Essentially, the only difference between E-PRO-HY, Petitioners' patented product, and Dellac 86101, Respondents' infringing product, is that the casein treated by sodium hydroxide in the preparation of E-PRO-HY was mixed so thoroughly that the substantial contents of the mixer (reaction vessel) were hydrolyzed and achieved a high Ph value of 8.5 or above. (AE1870-77). Whereas, 86101 dumped a slightly lesser quantity, of sodium hydroxide solution into the casein in the mixer, but at such a rapid rate (2 carboys-faucets fully opened) that only a portion of the casein (approximately 20% of the contents) was hydrolyzed and achieved the high Ph of 8.5 or above.[35] (AE1865-67; Bidlack A2809-11). Deltown's own scientists admitted portions of 86101 where hydrolyzed with a pH above 8.5 (Whittaker, A3461-2, 3514-3530; Ernster A8690; Bidlack

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[35] Despite a jury finding to the contrary and substantial evidence to support the jury finding, the CAFC has determined that, as a matter of law, since only 20% of the 86101 mixture and not the entire mixture of 86101 was at a PH of 8.5 or above, the petitioners' patents were not violated. If the Federal Circuit opinion is permitted to stand, this means that an infringement does not occur if the Respondents mixed a filler (whether sand, casein, sodium caseinate or mud) with a hydrolyzed casein having a PH of 8.5 or above, even if it achieved the same physical, chemical, etc. effects of the patented product, E-PRO-HY, when added to canned tuna.

A2696-702, 2741-43; AE920-24, 3559-61, 2599-2612). The portion of the product that was reactive was clearly an infringement of E-PRO-HY's patents. An infringement by 20% of Deltown's product infringes Petitioners' whole patent. Because the jury believed the experts' testimony that Deltown's reaction product was a hydrolyzed product and not a true sodium caseinate, although it was mixed with sodium caseinate (AE3516-17), the jury could and did reasonably find infringement or infringement under the doctrine of equivalents and willful infringement.

In substituting and reversing the jury's determinations on infringement of the '820 patent and on the construction of the claims supporting it, without applying the "sufficiency of evidence" test, the CAFC violated Petitioners' Seventh Amendment rights to have the jury's determination upheld as long as there is more than a mere scintilla of evidence to support that decision.

The '933 Patent: The CAFC concluded that because the overall mixture of the Deltown product has a pH of 7 (although parts of it had a pH as high as 9.5 and 10.5) it was therefore sodium caseinate and did not infringe the claims of the '933 patent which contains a limitation that the product is not sodium caseinate and has a high pH.

The CAFC's judgment centers around the proposition that Ernster's claims limitations exclude sodium or potassium caseinate (App. A, at A6, para. 2).[36] However, as Petitioner noted in its Petition for Rehearing, there are no clearly adopted industry standards which render the definition of "casein products" (App. D, at D12) obvious or which give it an ordinary meaning. Expert testimony was adduced on this issue (Connolly, A1615; Ernster, A605-6). In the absence of an absolute standard in the field, the

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[36] Caseinate is neutral and has a Ph of 7. That means that to maintain neutrality Deltown could only add something with a Ph of less than 7. The jury found respondent added a reactive mixture with a Ph that exceeded 7.

CAFC should be barred from substituting its finding for that of the jury when the jury's finding is supported by substantial evidence.

The CAFC's conclusion totally ignores the evidence presented to the jury that Deltown's product was *not* sodium caseinate even though it had an overall pH of 7, but rather was a mixture of low pH sodium caseinate (a nonfunctional filler) and high pH hydrolyzed casein (Henke A1216, 1359-60; Bidlack A2859-67; AE2608, 5828-29, 3258). This high pH hydrolyzed casein had a pH of well above 7. (See pg. 23-24 this brief under the '820 patent for argument and citations to the testimony and evidence presented to the jury on this issue). Because the jury could reasonably believe the experts' testimony that Deltown's product was not sodium caseinate, although it was mixed with sodium caseinate (Ernster A3516-17), it reasonably found infringement and willful infringement by clear and convincing evidence.

If the meaning of a term of art in a patent claim is disputed and extrinsic evidence is needed to explain the meaning, construction of the claims is for the jury to decide. If there was no express finding on the issue of interpretation, the court presumes the existence of the facts necessary to support the interpretation urged by the petitioner or necessary to uphold the jury's factual determination. To obtain reversal, Respondent must convince the court that there was not substantial evidence to support the facts consistent with the Petitioner's interpretation. *See McGill Incorp. v. John Zink Co.*, 736 F.2d 666, 672 (Fed. Cir. 1984).

In the case at bar, the jury reasonably and rationally weighed conflicting testimony of expert witnesses as to the nature of the substance manufactured by Deltown. The jury determined the credibility of the evidence and concluded that the '933 patent limitation did not exclude Deltown's product because only the "filler" portion of Deltown's product was sodium caseinate, while its functional and reaction portion infringed Ernster's

patent (E-PRO-HY). Infringement by only the functional portion of Deltown's product infringes Petitioners' whole patent.

Again the CAFC reached its own factual determinations and substituted them in lieu of the jury's factual determinations, effectively depriving Petitioners of their Seventh Amendment rights.

The '588 patent: Essentially, the CAFC held that the doctrine of file-wrapper estoppel barred a claim of infringement under the doctrine of equivalents because Petitioner designated specific enzymes for use in developing its product (App. A, at A10). Ernster simply limited his enzyme selection to a particular class of "synthetic" enzyme[37], for which there are always equivalent enzymes. Petitioners argued to the jury via expert testimony that Deltown's product used equivalent enzymes (AE3259). Deltown's president testified that the product of Deltown's enzymes was a sweet tasting flavor similar to the one produced by Ernster's enzyme. (Herz A5454). Petitioner further argued that estoppel only applies to non-microbial renant enzymes. (App. D at D48).

None of Petitioners' arguments on the issue of equivalent enzymes were discussed by the CAFC in its decision. At no point did the court mention that one of Petitioners' witnesses explained the doctrine of equivalence to the jury (Goodwin at A1009-11), or that another of Petitioners' witnesses amplified this concept in his testimony (Bidlack A2717-19), or that trial counsel argued this theory in closing argument (Closing Argument, A5920).

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[37] Ernster was forced to use "synthetic" enzyme in his patent application because the enzyme he originally named in the claims had trademark protection. He was estopped from naming the trademarked enzyme in his patent, so file wrapper estoppel should not apply to his use of the technical names for the synthetic enzyme. However, even if estopped, the estoppel should only apply to natural enzyme. Ernster can still claim synthetically equivalent enzyme. See list of equivalent synthetic enzyme. AE3259.

In *Envirotech Corp. v. Al George, Inc.*, 730 F.2d 753, 760-61 (Fed. Cir. 1984), the CAFC noted that a finding of equivalence is a determination of fact which may be based upon proof by testimony of experts and should only be disturbed as allowed by the general principles governing appellate review.

The CAFC did explain its interpretation of the relevant facts, but it never suggested that there was insufficient evidence to construe the facts in any manner that was different from the CAFC's own interpretation. The CAFC blatantly disregarded the jury's factual finding in violation of Petitioners' Seventh Amendment rights.

Trade-Secrets, Fraud, and Unjust Enrichment: On these purely factual issues, the CAFC did cite the correct standard of review in its opinion. In fact, the court went further and stated that not only did the Petitioners not produce sufficient proof on these issues, "the record in this case discloses *no evidence* of the security measures taken to protect Mr. Ernster's 'secrets'." (emphasis added. App. A, at A12). This finding that the information was all public and/or that Ernster failed to take meaningful steps to preserve secrecy is contrary to the evidence.

In addition to the other evidence presented to support the jury's finding, evidence was presented to the jury that when Excelpro gave Van Camp a book containing technical information concerning the use, application and functionality of Excelpro's product, Van Camp's Director of Technical Services was specifically told that Excelpro considered the information in the book to be confidential (Harpe A504-06; Ernster A890-91). Respondent's own technical director confirmed that it was the general understanding between the parties that the information exchanged was in confidence (Reinke A4441-42). Van Camp understood that Excelpro provided information concerning the application and use of hydrolyzed proteins including tuna processing methods, precooking methods, fill weight recommendations, head space information, and packing pressure recommen-

dations, in confidence (Harpe A429-31, 460-1, 464, 504-6; P. Ernster A2205-11; J. Ernster A890-1; Reinke A4441-2).

These statements were not mere "assertions" of trade secrets. There was testimony concerning the nature of the dealings between the parties offered by each party and others. The jury heard the evidence and weighed the credibility of the witnesses as to the "understanding" which existed between the parties and reasonably concluded that the existing agreement controlled the alleged secrets.[38]

In *A.L. Laboratories, Inc. v. Philips Roxane, Inc.*, 803 F.2d. 378 (8th Cir. 1986), the Court, applying Missouri law, held that the establishment of a confidential relationship between the parties was sufficient to protect trade secrets even though the data (the alleged secret) was openly known by all the participants of the study where the information was not publicly known and it would be difficult or expensive for a competitor to acquire the information by fair means.

Missouri has developed a flexible approach to the establishment of a trade secret,[39] in which the ultimate decision is based on the reasonability of the evidence considering the circumstances of each individual case. This factual determination is left to the sound discretion of the jury. The law establishing the proper standard of review for appellate courts also leaves this factual determination to the sound discretion of the jury. Merely stating that the CAFC would have weighed the trade secret

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[38] Whether the information rises to the level of a trade secret, if one receives it in a confidential relationship that person may have a duty not to disclose or use that information. See Restatement (Second) of Torts Ch. 36 §757. The information compiled by the Petitioner was a trade secret to the Respondent even if it might have been known in other parts of the public domain.

[39] Missouri law does not require that a specific set of requirements be met before one's information is given trade secret protection. *National Rejectors, Inc. v. Trieman*, 409 S.W.2d 1, 19 (Mo. banc 1966).

evidence and the witnesses' credibility differently, does not justify reversal.

The CAFC's rejection of the jury's finding of fraud and unjust enrichment is based upon its improper reversal of the finding of trade secrets. Therefore, the court's decision on the issues of fraud and unjust enrichment are similarly erroneous and also violate the proper standard of review.

Tortious Interference: The CAFC reversed the jury's finding on the issue of wrongful interference because it found that no illegal acts were committed by Deltown, who was simply a competitor in the same market as Excelpro. This reversal is premised on the CAFC's mistaken reversals of the jury's decisions that the Respondents infringed Excelpro's patent and wrongfully disclosed and misused its trade secrets.

By reversing all of the jury's factual determinations as applied to both Federal law and Missouri common law, the CAFC nullified Petitioner's jury trial and their constitutional rights and affirmed once and for all that the CAFC believes that patent litigants are entitled to fewer rights to a jury trial than are other litigants exercising their rights to a jury trial. This Court should definitively determine and articulate the proper standard of review of factual determinations presented to the CAFC.

CONCLUSION

For the foregoing reasons, the petition for writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX

APPENDIX A

APPENDIX

NOTE: Pursuant to Fed. Cir. R. 47.8, this disposition is not citable as precedent. It is a public record. The disposition will appear in tables published periodically.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

91-1270, -1271, -1281

JOHN J. ERNSTER AND EXCELPRO, INC.,
Plaintiffs and Cross-Appellants,

v.

RALSTON PURINA CO. and
VAN CAMP SEAFOOD CO., INC.,
Defendants-Appellants,

and

DELTOWN CHEMURGIC CORPORATION,
Defendant-Appellant.

DECIDED: October 13, 1992

Before RICH, ARCHER, and RADER, *Circuit Judges*.

RADER, *Circuit Judge*.

DECISION

Appellants Ralston Purina Company, Van Camp Seafood Company, Inc. (collectively Ralston), and Deltown Chemurgic Corporation (Deltown) appeal from the judgment of the United States District Court for the Eastern District of Missouri. The district court entered judgment, based on jury verdicts, for validity, willful patent infringement, "conspiracy to commit patent infringement," trade secret misappropriation, intentional

interference with business relations (against Deltown only), unjust enrichment, and fraud (against Ralston only). Because on this record no reasonable jury could have reached this result, this court *reverses* the judgments of infringement and willful infringement. Because of a mistake of law, this court *reverses* the judgment of "conspiracy to commit patent infringement." Because appellees did not produce sufficient evidence to support the state law claims, this court *reverses* the judgments of trade secret misappropriation, intentional interference with business relations, unjust enrichment, and fraud.

BACKGROUND

The patents at issue in this appeal, United States Patent Nos. 4,363,820 ('820), 4,545,933 ('933), and 4,600,588 ('588), all to Ernster, involve the hydrolysis of proteins, such as casein, and the use of hydrolyzed proteins as additives when canning tuna fish. Casein is the major protein in cows' milk. Addition of hydrolyzed casein improves the quality of canned tuna fish.

Hydrolysis of proteins breaks peptide bonds, the chemical bonds that link amino acids together to form a protein. Reacting an acid or a base with a protein, in the presence of water, causes hydrolysis. Hydrolysis also results by reacting the protein with an enzyme.

Hydrolysis of proteins — the addition of water and an acid or a base to the protein — necessarily affects the pH of the combination. A pH of 7 indicates a neutral solution. An acidic solution has a pH less than 7; a basic solution, greater than 7.

The '820 patent describes a process for canning tuna fish with hydrolyzed casein. Claim 1 specifies: adding treated casein (hydrolyzed with one of the bases sodium hydroxide or potassium hydroxide) to a quantity of tuna fish in a container, sealing and heating the container, then allowing the container and its contents to cool. Claims 2-11, which depend on claim 1, limit the

pH of the hydrolyzed casein combination to a minimum of 8.5 (claims 2 and 3) or 10 (claims 4-11).

The '933 patent describes a process for preparing the hydrolyzed casein compound for the '820 patent's canning process. The claims expressly state that the hydrolyzed compound is neither sodium caseinate nor potassium caseinate.[1] Independent claim 1 and its dependent claims have no pH limitations. Independent claims 9 and 21 and their dependent claims require the addition of sodium hydroxide or potassium hydroxide to the casein in sufficient quantity to raise the pH of the compound to at least 10. Independent claim 12 and its dependent claims cover an edible compound that has an anionic (basic) pH. Claim 19 further requires that the compound have a pH of at least 10.

The '588 patent describes hydrolyzing casein with one of two specific enzymes. All of the claims at issue require one of the two enzymes to hydrolyze the casein.

In 1984, Mr. Ernster began selling his tuna fish additive to Ralston. Ralston, seeking another source for the product, contacted Deltown. Deltown examined the Ernster patents and developed a substitute for the product, which it began selling to Ralston in late 1986. Mr. Ernster brought this action against Ralston and Deltown in September 1987. Ralston and Deltown filed motions for directed verdict, which the district court denied. After the jury returned verdicts in Mr. Ernster's favor on all but the breach of contract claim, Ralston and Deltown filed

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[1] Sodium caseinate and potassium caseinate are salts. Under certain reaction conditions, the addition of an acid or a base, and water, to a protein may result in the formation of a salt, rather than a hydrolyzed protein. In this case, treatment of casein with an aqueous solution of dilute sodium hydroxide or potassium hydroxide probably would result in the formation of sodium caseinate or potassium caseinate. Treatment with a more concentrated solution of sodium hydroxide or potassium hydroxide would result in the hydrolyzed protein.

motions for judgment notwithstanding the verdict. The district court denied these motions.

DISCUSSION

Infringement and Validity of the Three Patents

The '820 Patent

As noted above, this patent discloses a process for preparing canned tuna fish. Claims 1-11 are at issue.

Claim 1

Claim 1 reads:

> A process for preparing and storing tuna fish flesh for consumption which comprises:
>
> treating casein with a compound, selected from the group consisting of sodium hydroxide and potassium hydroxide, in the presence of water; adding a quantity of the treated casein and a quantity of tuna fish flesh to a sealable container; sealing said container; heat treating said sealed container at a temperature sufficient to prevent spoilage of said flesh; and then cooling said container.

This language claims the process of adding treated casein to tuna fish during canning.

On April 21, 1970, Japanese Patent Publication No. 1970-11099 (the Japanese patent) — entitled the "Method of Production of Canned Foods" — issued. The Japanese patent disclosed the use of caseinates to improve the quality of a canned product. In particular, the Japanese patent described suppression of crystal formation within the canned product. This prior art also noted benefits in the use of "dispersed caseinates with excellent nutrition value and taste."

The Japanese patent anticipates claim 1. A prior art reference anticipates a claim when the reference discloses every limitation of the claim. *Ralston Purina Co. v. Far-Mar-Co., Inc.*, 772 F.2d 1570, 1574, 227 USPQ 177, 179 (Fed. Cir. 1985). The Japanese patent discloses using sodium caseinate during canning. The record reveals that the mixture of casein with water and either sodium hydroxide or potassium hydroxide is, and has been, the traditional way to prepare sodium caseinate. The Japanese patent discloses placing tuna and sodium caseinate in sealable containers, heating those containers in a retort, and letting them cool. Thus, the Japanese patent discloses every limitation of claim 1, rendering claim 1 invalid by anticipation.

On this record, no reasonable jury could have found claim 1 of the '820 patent valid. Accordingly, this court reverses the judgment that appellants did not prove claim 1 invalid.

Claims 2-11

Claim 2 claims the process covered in claim 1 wherein "the combination of said casein, said compound and said water has a pH of at least 8.5." Claims 3-11 depend from claim 2. The accused product has an overall pH of approximately 7, putting the product outside the coverage of claims 2-11. Mr. Ernster notes that by sifting the accused product, one can retrieve portions with a pH of at least 8.5. According to Mr. Ernster, this fact brings the accused product within claims 2-11.[2]

Claims 2-11, however, do not place the "pH of at least 8.5" limitation on a sifted-out "portion" of the casein combination.

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[2] This argument contradicts Mr. Ernster's position during prosecution of Application No. 644,022, a continuation-in-part of the parent of this patent. Ernster argued for considerations of the pH of the total contents of the reaction vessel, not isolation of parts: "There is a difference between having pH of the total contents of the reaction mixture . . . and simply the pH of unreacted alkali metal." (Jt. Ex. Vol. I at 285.)

Rather the claims cover a "combination" which has a pH of at least 8.5. As such, claims 2-11 do not read on the accused product. Because no reasonable jury, applying properly interpreted claims, could have found infringement of claims 2-11 of the '820 patent, this court reverses that determination.

The '933 Patent

The '933 patent discloses a "Hydrolyzed Protein Composition and the Process Used in Preparation Thereof." The jury found that Ralston and Deltown infringed every claim of the '933 patent, except for claim 8.

Each independent claim (claims 1, 9, 12, 21) of the '933 patent includes the limitation that the claimed hydrolyzed protein "is not sodium or potassium caseinate" or "an alkali metal caseinate." To determine the meaning of a limitation, a court looks to the specification and the prosecution history. *See E.I. DuPont de Nemours & Co. v. Phillips Petroleum Co.*, 849 F.2d 1430, 1438, 7 USPQ2d 1129, 1135 (Fed. Cir.), *cert. denied*, 488 U.S. 986 (1988).

As filed, Mr. Ernster's claims recited a "process for preparing a hydrolyzed protein from casein" without any negative limitations. (Jt. Ex. Vol. I at 253-57.) The examiner rejected all claims as either anticipated or obvious in light of United States Patent No. 3,389,131, to Van Horn. Van Horn's patent teaches the hydrolysis of casein for food products. Van Horn hydrolyzes the casein with an alkali metal compound. (Jt. Ex. Vol. I at 265, 269.)

In response to the rejection, Mr. Ernster filed an amendment on April 9, 1985. Mr. Ernster argued that Van Horn limited his hydrolyzed protein to sodium caseinate. (Jt. Ex. Vol. I at 276.) Thus, Mr. Ernster amended the '933 patent to add the negative limitation, "and wherein said hydrolyzed protein is not sodium or potassium caseinate." *Id.* Furthermore, Mr. Ernster differentiated the "hydrolyzed protein" in his claims from sodium caseinate on the basis of its pH:

> 6. The composition of the above identified application [644,022] further differs from sodium caseinate with respect to both its pH and its viscosity. *The PH of sodium caseinate is essentially neutral: whereas the pH of the composition of the above identified application is very alkaline*, varying slightly from batch to batch depending upon the pH of the water-utilized in processing the same. *But it, generally, is of the order of at least pH 10.*

(Jt. Ex. Vol. I at 274) (emphasis added). Mr. Ernster also stated:

> It is very evident that U.S. [Patent No.] 3,389,131 teaches the preparation of alkali metal caseinates and nothing more. In column 2, at lines 26 and 27, it is noted that "my product has a pH of about 6.8 to 7 . . .". *This simply is not the Product of Applicant's disclosure which is anionic in character . . .*
>
> .

(Jt. Ex. Vol. I at 282) (emphasis added). Due to this amendment, the examiner allowed Mr. Ernster's claims. (Jt. Ex. Vol. I at 325.)

This prosecution history reveals that Mr. Ernster distinguished his process from prior art on the basis of the pH of product resulting from his process. In sum, Mr. Ernster limited the process covered by the '933 patent to a process yielding compositions with a pH of at least 10. Deltown's product, however, has a neutral pH. Thus, Deltown's accused process does not infringe the '933 patent.

A patentee may not adopt a claim interpretation disavowed during prosecution. *Jonsson v. Stanley Works*, 903 F.2d 812, 81718, 14 USPQ2d 1863, 1868 (Fed. Cir. 1990). Mr. Ernster's 1985 amendment clarifies the meaning of the phrase "hydrolyzed protein [which] is not sodium or potassium caseinate." To distinguish his process from Van Horn's, Mr. Ernster equated "sodium caseinate" with neutral pH and rephrased his claims to exclude coverage of processes yielding proteins with neutral pH.

Deltown's product is essentially neutral with a pH of approximately 7. Mr. Ernster's patent does not encompass Deltown's process.

Mr. Ernster again argues that Deltown's process infringes the '933 patent because, when "sifted," portions of Deltown's product have a pH in the range of 10 At oral argument, Mr. Ernster claimed that "many" of the claims of the '933 patent recite a "reaction mixture," as opposed to the entire contents of the "reaction vessel." Mr. Ernster argued that this "reaction mixture" corresponds to the portion of the Deltown product with a pH in the range of 9.5-10.5.

The claims of the '933 patent, however, do not refer to a "reaction mixture." Process claims 9-11 require addition to the "reaction vessel" of a "quantity of said compound [sodium or potassium hydroxide] in said [aqueous] solution sufficient to raise the pH of said *reaction vessel* to at least pH 10 upon the addition of said compound . . . ." (Emphasis added.) Composition claims 12-19 are limited to a *composition* [having] an anionic pH to render it with a bitter ammonia like flavor." (Emphasis added.) Claim 19 is further limited to a composition having "a pH greater than pH 10." Process claims 21-24 require a "quantity of said compound sufficient to raise the pH of-the *contents* of said *reaction vessel* to at least pH 10. (Emphasis added.) Process claims 1-7 and 20, while not containing an express pH limitation, include the "not a sodium or potassium caseinate" limitation which Mr. Ernster used in prosecution history to distinguish his work from products with a neutral pH.

In sum, every claim in the '933 patent contains some limitation — either express or evident from the prosecution history — to a pH of approximately 10 Nothing in the '933 patent indicates that the phrases "reaction vessel" and "contents of the reaction vessel" mean anything other than the contents as a whole. The pH claim limitations in the '933 patent refer to the pH of the entire

hydrolyzed protein product, not to the pH of sifted portions of the product.

Although a patentee may be his own lexicographer, when the patent contains no alternative definition for a claim term, the term is given its ordinary meaning. *See United States v. Telectronics*, 857 F.2d 778, 782, 8 USPQ2d 1217, 1220 (Fed. Cir. 1988), *cert. denied, Telectronics v. United States*, 490 U.S. 1046 (1989). The claims of the '933 patent do not break the composition into portions for measurement of pH. Therefore, because the Deltown product has a neutral pH, its process cannot infringe the '933 patent.

Properly interpreted, the claims of the '933 patent do not read on the accused process. Because no reasonable jury, applying properly interpreted claims, could have found infringement of any of the claims of the '933 patent, this court reverses.

The '588 Patent

The '588 patent describes a milk protein hydrolysate and the process for preparing the hydrolysate. Each of the claims at issue — 1, 2, 5-9, and 11 — contains a limitation requiring an "acid fungal protease derived from controlled fermentation of *Aspergillus niger*" and "a protease prepared from purified cultured liquid obtained from *Bacillus subtilis*." The accused process and product uses enzymes derived from *Mucor miehei* and *Mucor pusillus*. These enzymes sell under the name of Hannilase and Emporace. Because the '588 patent does not literally encompass the accused process or product, the jury must have found infringement under the doctrine of equivalents.

The doctrine of equivalents, however, cannot recapture for the patentee matter disclaimed during prosecution of the patent or matter in the prior art when the patent issued. *Loctite Corp. v. Ultraseal Ltd.*, 781 F.2d 861, 870, 228 USPQ 90, 96 (Fed. Cir. 1985). During prosecution of the '588 patent, the examiner

rejected the application under 35 U.S.C. § 103 (1988). The examiner noted that particular enzymes were matters of choice not critical to the invention. Mr. Ernster responded:

> Just any enzyme is simply not equivalent to those specified in Applicant's claims. Just any enzyme, whether it be the enzymes of Oberg at [sic] al or the enzymes of Wingerd et al, do not yield compounds or products of processes which have the same properties as Applicant's composition of matters, and the products of Applicant's processes.

(Jt. Ex. Vol. I at 520.) Mr. Ernster also declared:

> One of the critical steps of Applicant's process is the use Of [the disclosed enzymes.] Such a critical step is not found in the processes of [the prior art]. . . .

(Jt. Ex. Vol. I at 523.) Thus, Mr. Ernster emphasized the importance of the specific enzymes listed as limitations in the '588 patent.

Moreover, Kranenburg's United States Patent No. 4,259,357, prior art to the '588 patent, specifically taught enzymatic hydrolysis of casein with Hannilase and Emporace. These are the precise enzymes used in the accused process and product. Prosecution history estoppel prevents Mr. Ernster from acquiring coverage for matter in the prior art and for matter he specifically disclaimed during prosecution.

No reasonable jury could have found the properly construed claims of the '588 patent to cover the accused process. Therefore, this court reverses the finding of infringement of the claims of the '588 patent.

Patent Conspiracy

Because this court finds that appellants' processes and products do not infringe any valid claims of Mr. Ernster's patents, this novel theory fails as a matter of fact. Moreover, this court

discerns no legal basis for this count in Mr. Ernster's complaint. The Patent Act permits suits to redress infringement. 35 U.S.C. § 271, 281 (1988). If an infringer acts willfully, which might include involvement in a conspiracy, the Act permits a court to treble damages. 35 U.S.C. § 284 (1988). Title 35 neither expressly nor implicitly authorizes additional and duplicative damages for conspiracy to infringe a patent. *Cf, Bonito Boats v. Thunder Craft Boats*, 489 U.S. 141 (1989).

Trade Secret Claims

Mr. Ernster alleges at least nineteen trade secret violations under Missouri law. The Missouri Supreme Court has held:

> The subject matter of a trade secret must be secret. Matters of public knowledge or of general knowledge in an industry cannot be appropriated by one as his secret. Matters which are completely disclosed by the goods which one markets cannot be his secret. . . . [A trade secret proprietor] may likewise communicate it to others pledged to secrecy. . . . Nevertheless, a substantial element of secrecy must exist, so that, except by the use of improper means, there would be difficulty in acquiring the information. . . . Some factors to be considered in determining whether given information is one's trade secret are: (1) the extent to which the information is known outside of his business; (2) the extent to which it is known by employees and others involved in his business; (3) the extent of measures taken by him to guard the secrecy of the information. . . .

National Rejectors. Inc. v. Trieman, 409 S.W.2d 1, 19 (Mo. 1966) (en banc). Furthermore, failure to take meaningful steps to preserve the secrecy of a trade secret is fatal to a claim of trade secret misappropriation. *Id.* at 22-24. The party asserting trade secret misappropriation has the "burden of establishing that it had protectable trade secrets." *Id.* at 24; *accord Carboline Co. v. Jarboe*, 454 S.W.2d 540, 549 (Mo. 1970); *Mo-Kan Cent. Recov-*

ery Co. v. Hedenkamp, 671 S.W.2d 396, 400 (Mo. Ct. App. 1984). More than conclusory testimony is needed to show existence of a protectable trade secret. *Mo-Kan*, 671 S.W.2d at 400-01. Bald assertions that a confidential relationship exists with a client are insufficient to establish a trade secret. *National Rejectors*, 409 S.W.2d at 24.

The record in this case discloses no evidence of the security measures taken to protect Mr. Ernster's "secrets." *See National Rejectors*, 409 S.W.2d at 22-24 (signed confidentiality agreement control over alleged secret); *Mid-States Paint & Chem. Co. v. Herr*, 746 S.W.2d 613, 618 (Mo. App. 1988) (customers not given complete formula). The record does not show measures such as keeping formulae guarded and in a locked safe, accounting for employee notebooks, prohibiting employee disclosure of formulation to outsiders, prohibiting outsiders from entering laboratories, prohibiting laboratory employees from lunching with suppliers, requiring employees to sign confidentiality agreements, and requiring employees to protect trade secrets both during and after employment. *See Carboline*, 454 S.W.2d at 549. In sum, appellees did not supply sufficient evidence to support possession of any protectable trade secret.

Patent disclosures further compromise many of Mr. Ernster's alleged secrets. For example, Mr. Ernster's patents disclose the quantity of tuna to use in a 6.5 ounce can, canning process steps, and information about the advantages of those patented processes. These revelations are no longer secret at all.

Mr. Ernster also alleges that trade information books disclosed trade secrets to Ralston. These books, however, contained no confidential markings. Rather, Mr. Ernster himself distributed the books to prospective customers. The record contains no evidence that Mr. Ernster retained control over the books in the hands of customers or prospective customers.

In sum, Mr. Ernster did not show that his alleged secrets were secret at all or that he took steps to ensure their secrecy. Under applicable Missouri law, no reasonable jury could have found that Mr. Ernster possessed trade secrets. Therefore, this court reverses the judgment of trade secret misappropriation.

Wrongful Interference with Business Expectancies

The jury found that Deltown wrongfully interfered with Mr. Ernster's expectation of a continued business relationship with Ralston. The jury also found, however, that no contract existed between Ralston and Mr. Ernster. To prevail on this claim, Mr. Ernster must prove that Deltown lacked justification for its alleged interfering act. *American Business Interiors v. Haworth, Inc.*, 798 F.2d 1135, 1144 (8th Cir. 1986). Fair competition in the marketplace does not give rise to a sustainable claim of wrongful interference. The United States Court of Appeals for the Eighth Circuit, whose law applies on this count, states:

> Competitive conduct which is neither illegal nor independently actionable does not become actionable because it interferes with another's prospective contractual relations.

Henry v. Chloride Inc., 809 F.2d 1334, 1351 (8th Cir. 1987).

The record shows that Deltown was an active competitor in the market. The record discloses, however, nothing beyond this legal competitive conduct. Once again, this record does not contain sufficient evidence to convince any reasonable jury that Deltown wrongfully interfered with appellees' business expectations. Accordingly, this court reverses the judgment against Deltown on this wrongful interference count.

Unjust Enrichment and Fraud

Mr. Ernster's unjust enrichment and fraud claims are based upon misappropriation of trade secrets. Because unable to present substantial evidence to show existence of any trade secrets, Mr.

Ernster cannot prevail on these theories. Therefore, in the absence of any trade secrets, this court reverses the judgment on these counts as well.

CONCLUSION

For the reasons stated above, this court reverses the judgments against Ralston and Deltown for patent infringement, "conspiracy to commit patent infringement," trade secret misappropriation, intentional interference with contractual or business relationship, unjust enrichment and fraud. This court also reverses the jury's determination on the validity of claim 1 of Ernster's '820 patent. This court vacates as moot the trial court's determination on the validity of the remaining claims of Mr. Ernster's patents. Because this court reverses the judgments against appellants, it need not address Mr. Ernster's cross-appeal. Accordingly, this court remands with instructions to lift the injunction on appellants' activities and to enter judgment for appellants consistent with this opinion.

COSTS

Each party to bear its own costs.

APPENDIX B

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

No. 87-1662C (6)

JOHN H. ERNSTER and EXCELPRO, INC.,
Plaintiffs,

vs.

RALSTON PURINA CO.,
VAN CAMP SEAFOOD CO., INC.,
and DELTOWN CHEMURGIC CORP.,
Defendants.

JUDGMENT

[Filed: Oct. 19, 1990]

This action was tried before the Court and a jury, Honorable George F. Gunn, Jr., District Judge, presiding, and the issues having been duly tired and the jury having rendered its verdicts:

It is ORDERED and ADJUDGED that the plaintiffs, John H. Ernster and Excelpro, Inc., recover from the defendants, Ralston Purina Co. and Van Camp Seafood Co., Inc., the sum of Two Million Six Hundred Fifty-Four Thousand Seven Hundred Sixty-Seven ($2,654,767.00) dollars with interest thereon at the rate of 7.78% per annum and costs:

It is FURTHER ORDERED and ADJUDGED that the plaintiffs, John H. Ernster and Excelpro, Inc., recover from the defendant Deltown Chemurgic Corp., the sum of Two Million Four Hundred Ninety-Two Thousand Eight Hundred Fifty-Two ($2,492,852.00) dollars with interst thereon at the rate of 7.78% per annum and costs.

/s/George F. Gunn, Jr.
GEORGE F. GUNN, JR.
UNITED STATES
DISTRICT JUDGE

Dated at St. Louis, Missouri
this 19th day of October, 1990.

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

VERDICT A

Note: Complete the form by putting a check next to the name(s) required by your verdict.

On plaintiffs' patent infringement claim against defendants Ralston Purina and Van Camp, we, the jury, unanimously find in favor of:

JOHN H. ERNSTER and EXCELPRO, INC. ✓

RALSTON PURINA and VAN CAMP _____

Note: Complete the following paragraph only if the above finding is in favor of plaintiffs.

On plaintiffs' patent infringement claim against defendants RALSTON PURINA and VAN CAMP, we, the jury, award damages to plaintiffs JOHN H. ERNSTER and EXCELPRO, INC. in the sum of

$2,107,241.00

DATED this 19 day of October, 1990

/s/ illegible

_____
FOREPERSON

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

VERDICT B

Note: Complete the form by putting a check next to the name(s) required by your verdict.

On plaintiffs' patent infringement claim against defendant Deltown Chemurgic Corporation, we, the jury, unanimously find in favor of:

JOHN H. ERNSTER and EXCELPRO, INC. ✓

DELTOWN CHEMURGIC CORPORATION _____

Note: Complete the following paragraph only if the above finding is in favor of plaintiffs.

On plaintiffs' patent infringement claim against DELTOWN CHEMURGIC CORPORATION, we, the jury, award damages to plaintiffs JOHN H. ERNSTER and EXCELPRO, INC. in the sum of

$1,796,000 -

DATED this 19 day of October, 1990

/s/ illegible

_____
FOREPERSON

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

VERDICT C

Note: Complete the form by putting a check next to the name(s) required by your verdict.

On plaintiffs' conspiracy to infringe claim against defendant Ralston Purina and Van Camp, we, the jury, unanimously find in favor of:

JOHN H. ERNSTER and EXCELPRO, INC. ✓

RALSTON PURINA and VAN CAMP _____

Note: Complete the following paragraph only if the above finding is in favor of plaintiffs.

On plaintiffs' conspiracy to infringe claim against RALSTON PURINA and VAN CAMP, we, the jury, award damages to plaintiffs JOHN H. ERNSTER and EXCELPRO, INC. in the sum of

$248,876

DATED this 19 day of October, 1990

/s/ illegible

_____
FOREPERSON

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

VERDICT D

Note: Complete the form by putting a check next to the name(s) required by your verdict.

On plaintiffs' conspiracy to infringe claim against defendant Deltown Chemurgic Corporation, we, the jury, unanimously find in favor of:

JOHN H. ERNSTER and EXCELPRO, INC. ✓

DELTOWN CHEMURGIC CORPORATION _____

Note: Complete the following paragraph only if the above finding is in favor of plaintiffs.

On plaintiffs' conspiracy to infringe claim against DELTOWN CHEMURGIC CORPORATION, we, the jury, award damages to plaintiffs JOHN H. ERNSTER and EXCELPRO, INC. in the sum of

$248,876

DATED this 19 day of October, 1990

/s/ illegible

_____
FOREPERSON

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

VERDICT E

Note: Complete the form by putting a check next to the name(s) required by your verdict.

On plaintiffs' misappropriation of trade secrets claim against defendants Ralston Purina and Van Camp, we, the jury, unanimously find in favor of:

JOHN H. ERNSTER and EXCELPRO, INC. ✓

RALSTON PURINA and VAN CAMP _____

Note: Complete the following paragraph only if the above finding is in favor of plaintiffs.

On plaintiffs' misappropriation of trade secrets claim against defendants RALSTON PURINA and VAN CAMP, we, the jury, award damages to plaintiffs in the sum of

$99,550

DATED this 19 day of October, 1990

/s/ illegible

_____
FOREPERSON

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

VERDICT F

Note: Complete the form by putting a check next to the name(s) required by your verdict.

On plaintiffs' misappropriation of trade secrets claim claim against defendant Deltown Chemurgic Corporation, we, the jury, unanimously find in favor of:

JOHN H. ERNSTER and EXCELPRO, INC. ✓

DELTOWN CHEMURGIC CORPORATION _____

Note: Complete the following paragraph only if the above finding is in favor of plaintiffs.

On plaintiffs' misappropriation of trade secrets claim against defendant DELTOWN CHEMURGIC CORPORATION, we, the jury, award damages to plaintiffs in the sum of

$99,550

DATED this 19 day of October, 1990

/s/ illegible

_____
FOREPERSON

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

VERDICT G

Note: Complete the form by putting a check next to the name(s) required by your verdict.

On plaintiffs' breach of contract claim against defendants Ralston Purina and Van Camp, we, the jury, unanimously find in favor of:

JOHN H. ERNSTER and EXCELPRO, INC. _____

RALSTON PURINA and VAN CAMP ✓

Note: Complete the following paragraph only if the above finding is in favor of plaintiffs.

On plaintiffs' breach of contract claim against RALSTON PURINA and VAN CAMP, we, the jury, award damages to plaintiffs JOHN H. ERNSTER and EXCELPRO, INC. in the sum of

$_____—

DATED this 19 day of October, 1990

/s/ illegible

_____

FOREPERSON

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

VERDICT H

Note: Complete the form by putting a check next to the name(s) required by your verdict.

On plaintiffs' intentional interference with contractual or business relationship claim against defendant Deltown Chemurgic Corporation, we, the jury, unanimously find in favor of:

JOHN H. ERNSTER and EXCELPRO, INC. ✓

DELTOWN CHEMURGIC CORPORATION _____

Note: Complete the following paragraph only if the above finding is in favor of plaintiffs.

On plaintiffs' wrongful interference claim against defendant DELTOWN CHEMURGIC CORPORATION, we, the jury, award damages to plaintiffsfin the sum of

$248,876 –

DATED this 19 day of October, 1990

/s/ illegible

_____

FOREPERSON

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

VERDICT I

Note: Complete the form by putting a check next to the name(s) required by your verdict.

On plaintiffs' fraud claim against defendants Ralston Purina and Van Camp, we, the jury, unanimously find in favor of:

JOHN H. ERNSTER and EXCELPRO, INC. ✓

RALSTON PURINA and VAN CAMP _____

Note: Complete the following paragraph only if the above finding is in favor of plaintiffs.

On plaintiffs' fraud claim against defendants RALSTON PURINA and VAN CAMP, we, the jury, award damages to plaintiffs in the sum of

$99,550 –

DATED this 19 day of October, 1990

/s/ illegible

_____
FOREPERSON

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

VERDICT J

Note: Complete the form by putting a check next to the name(s) required by your verdict.

On plaintiffs' unjust enrichment claim against defendants Ralston Purina and Van Camp, we, the jury, unanimously find in favor of:

JOHN H. ERNSTER and EXCELPRO, INC. ✓

RALSTON PURINA and VAN CAMP _____

Note: Complete the following paragraph only if the above finding is in favor of plaintiffs.

On plaintiffs' unjust enrichment claim against RALSTON PURINA and VAN CAMP, we, the jury, award damages to plaintiffs JOHN H. ERNSTER and EXCELPRO, INC. in the sum of

$99,550 –

DATED this 19 day of October, 1990

/s/ illegible

_____
FOREPERSON

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

VERDICT K

Note: Complete the form by putting a check next to the name(s) required by your verdict.

On plaintiffs' unjust enrichment claim against defendant Deltown Chemurgic Corporation, we, the jury, unanimously find in favor of:

JOHN H. ERNSTER and EXCELPRO, INC. ✓

DELTOWN CHEMURGIC CORPORATION _____

Note: Complete the following paragraph only if the above finding is in favor of plaintiffs.

On plaintiffs' unjust enrichment claim against DELTOWN CHEMURGIC CORPORATION, we, the jury, award damages to plaintiffs JOHN H. ERNSTER and EXCELPRO, INC. in the sum of

$99,550 -

DATED this 19 day of October, 1990

/s/ illegible

_____
FOREPERSON

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

VERDICT L

Note: Complete the form by writing in the appropriate dollar amount, if any, next to the defendant(s) name(s).

If there has been an award of money damages to Plaintiffs on any of the previous verdict forms A - K, we the jury unanimously assess as the full amount of damages awarded to Plaintiffs from each defendant as follows:

RALSTON PURINA/VAN CAMP	$2,654,767.00
DELTOWN CHEMURGIC CORPORATION	$2,492,852.00

DATED this 19 day of October, 1990

/s/ illegible

_____

FOREPERSON

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

VERDICT M

Note: Complete the form by putting a check next to the name(s) required by your verdict.

On defendant Deltown Chemurgic Corporation's first counterclaim against plaintiffs for unenforceability of the patents for inequitable conduct relating to Pan Pacific Fisheries, we, the jury, find in favor of:

JOHN H. ERNSTER and EXCELPRO, INC. ✓

DELTOWN CHEMURGIC CORPORATION _____

DATED this 19 day of October, 1990

/s/ illegible

FOREPERSON

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

VERDICT N

Note: Complete the form by putting a check next to the name(s) required by your verdict.

On defendant Deltown Chemurgic Corporation's second counter-claim against plaintiffs for unenforceability of the patents for inequitable conduct relating to Table I of the '820 patent, we, the jury, find in favor of:

JOHN H. ERNSTER and EXCELPRO, INC. ✓

DELTOWN CHEMURGIC CORPORATION _____

DATED this 19 day of October, 1990

/s/ illegible

FOREPERSON

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 87-1662-C-6

JOHN H. ERNSTER, and EXCELPRO, INC.,
Plaintiffs,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.,
and DELTOWN CHEMURGIC CORPORATION,
Defendants.

SPECIAL VERDICT QUESTIONS TO THE JURY

We, the jury, unanimously make the following responses to these special verdict questions:

1. Do you find the '820 patent

Valid ✓ Not Valid ____

2. Do you find the '933 patent

Valid ✓ Not Valid ____

3. Do you find the '588 patent

Valid ✓ Not Valid ____

4. Based up the alleged wrongful conduct of plaintiff John Ernster do you find the '820 patent

Enforceable ✓ Not Enforceable ____

5. Based upon the alleged wrongful conduct of plaintiff John Ernster do you find the '933 patent

Enforceable ✓ Not Enforceable ____

6. Based upon the alleged wrongful conduct of plaintiff

John Ernster do you find the '588 patent

Enforceable ✓ Not Enforceable ____

7. Do you find that defendant Deltown Chemurgic Corporation infringed one or more claims of any of the following patents in suit?

'820 patent: Yes ✓ No ____

'933 patent: Yes ✓ No ____

'588 patent: Yes ✓ No ____

8. You need only anser this question if you ansered "Yes" in question number 7 with respect to any of the patents in suit.

Do you find that Deltown Chemurgic Corporation's infringement was willful?

Yes ✓ No _____

9. Do you find that defendants Ralston Purina and Van Camp infringed one or more claims of any of the following patents in suit?

'820 patent: Yes ✓ No ____

'933 patent: Yes ✓ No ____

'588 patent: Yes ✓ No ____

10. You need only anser this question if you ansered "Yes" in question number 9 with respect to any of the patents in suit.

Do you find that Ralston Purina/Van Camp's infringement was willful?

Yes ✓ No _____

DATED this 19 day of October, 1990

/s/ illegible

_____

FOREPERSON

APPENDIX C

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

91-1270, -1271, -1281

JOHN H. ERNSTER and EXCELPRO, INC.,
Plaintiffs/Cross-Appellants,

v.

RALSTON PURINA CO. and
VAN CAMP SEAFOOD CO., INC.,
Defendants-Appellants,

and

DELTOWN CHEMURGIC CORPORATION,
Defendant-Appellant.

ORDER

A combined petition for rehearing and suggestion for rehearing in banc having been filed by the CROSS-APPELLANT, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED, and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, DECLINED.

The mandate of the court will issue on December 2, 1992.

FOR THE COURT,
FRANCIS X. GINDHART, CLERK

Dated: November 25, 1991

By /s/ Diane M. Frye
Diane M. Frye
Chief Deputy Clerk

cc: RANDALL G. LITTON
DAVID B. B. HELFREY
RUDOLPH HUTZ

ERNSTER V RALSTON PURINA CO., 91-1270
(DCT - 87-1662 C(6))

Note: Pursuant to Fed. Cir. R. 47.8, this order is not citable as precedent. It is a public record.

APPENDIX D

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

Appeal Nos. 91-1270, 91-1271, 91-1281

JOHN H. ERNSTER and EXCELPRO, INC.,
Plaintiffs/Cross-Appellants,

v.

RALSTON PURINA COMPANY and
VAN CAMP SEAFOOD COMPANY, INC.,
Defendants-Appellants,

and

DELTOWN CHEMURGIC CORPORATION,
Defendant-Appellant.

Appeal From a Judgment of the United States District Court
for the Eastern District of Missouri,

Judge George F. Gunn, Jr.

PETITION FOR REHEARING AND SUGGESTION FOR REHEARING IN BANC

David B.B. Helfrey
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THE PETITION FOR REHEARING AND SUGGESTION FOR REHEARING IN BANC OF JOHN H. ERNSTER AND EXCELPRO, INC.

John H. Ernster and Excelpro, Inc., the Plaintiffs/Cross-Appellants ("Plaintiffs"), hereby submit this Petition for Rehearing and Suggestion for Rehearing *in Banc* on the grounds that the panel failed to apply the proper standard of appellate review, overlooked substantial evidence in support of the jury's verdict and misapprehended Missouri law.

I. POINTS OF LAW OR FACT THE PANEL HAS OVERLOOKED OR MISAPPREHENDED

1. The panel did not properly apply the standard of review and failed to give proper deference to the jury's findings of fact.

2. The panel ignored substantial evidence in support of the jury's verdict which met the reasonable juror standard.

3. The panel misapprehended controlling Missouri law on the issue of trade secrets.

II. SUGGESTION FOR REHEARING IN BANC

A rehearing *in Banc* is appropriate to clarify the standard of review of jury verdicts before the Federal Circuit. Recent opinions of various panels have not produced a coherent or consistent approach to be applied, and some of the opinions indicate a high degree of indifference toward the factual findings of juries. A panel of this Court which failed to apply a level of deference to jury findings is applying a standard of review contrary to the law as enunciated by the Supreme Court and controlling precedent established by this Court.

III. ARGUMENT

A. Introduction

The right to a jury trial is one of the cornerstones of civil justice in the United States.

> Maintenance of the jury as a fact finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care.

Dimick v. Schiedt, 293 U.S. 474, 486, 55 S.Ct. 296, 301, 79 L.Ed. 608 (1935). Yet this panel virtually ignored the evidence presented at trial over approximately two months which favored the plaintiffs, and reversed the jury's verdict. The panel's opinion reflects, if not an express, an implicit indifference to and denigration of the proper role a jury plays in the area of patent law. *See e.g.* H.T. Mackey, *On Simplifying Patent Trials*, 116 F.R.D. 369, 370 (1987) (there should be no distinction in the role of a jury in a patent trial from its role in other civil trials). Such indifference infringes upon the rights of the litigants to a jury trial.

By adopting the defendants' evidence and ignoring the voluminous evidence the jury heard in support of plaintiffs' claims, the panel has deprived plaintiffs of the presumptions and inferences to which plaintiffs were entitled. The panel acknowledged only that evidence which supported its desired result. This opinion is nothing more than result-oriented appellate review rather than a review based upon the record, taken as a whole, with the proper standard of review applied. "The jury verdict must be sustained unless the record is critically deficient of that minimum quantum of evidence from which a jury might reasonably afford relief." *Denneny v. Siegel*, 407 F.2d 433, 439 (3rd Cir. 1969).

In so ignoring the jury verdict, the panel has further undermined the confidence of inventors in the patent system and in the

protections allegedly afforded by the patent laws. The decision of the panel is based upon a view of the facts and evidence advanced by the defendants which was rejected by the jury at trial as without merit. The comments of Judge Newman in *Malta v. Schulmerich Carillons, Inc.*, 952 F.2d 1320 (Fed. Cir. 1991) accurately reflect the position of the appellees.

> Today's paternalistic ruling that more and different evidence and argument are required when infringement is tried to a jury diverts patent jury trials from the mainstream of the law, a place assured by history. . . . So long as the Seventh Amendment stands, the right to a jury trial should not be rationed, nor should particular issues in particular types of cases be treated differently from similar issues in other types of cases.
>
> [I]t is appropriate to affirm unequivocally that patent litigants are entitled to neither a greater nor a lesser but to the same right to a jury trial, under the same governing considerations, as are all other litigants.
>
> There is, of course, no reason for considering patent cases as somehow out of the mainstream of the law and rules of procedure applicable to jury trials for centuries under our jurisprudence.

Malta, 952 F.2d at 1344 (Newman, J. dissenting) (citations omitted).

B. The Standard of Review

The fact that this case was tried to a jury determines the scope of this Court's appellate review, and as a matter of law, this Court is obligated to accept the findings of fact made by the jury.

> When the judgment arises from a jury verdict, the reviewing court applies the reasonable jury/substantial evidence standard: a standard that gives greater deference to the

> judgment simply because appellate review is more limited, compared with review of a trial judge's decision.

Richardson v. Suzuki Motor Co Ltd., 868 F.2d 1226, 1235 (Fed. Cir. 1989). As summarized in *Lavender v. Kurn*, 327 U.S. 645, 653 (1946):

> [W]here, as here, there is an evidentiary basis for the jury's verdict, *the jury* is free to discard or disbelieve whatever facts are inconsistent with its conclusion. And the appellate court's function is exhausted when that evidentiary basis becomes apparent, it being immaterial that the court might draw a contrary inference or feel that another conclusion is more reasonable. (emphasis added).

The proper standard of review for this Court, therefore, requires this Court to affirm the jury's verdict so long as there is substantial evidence in the record as a whole to support the jury's findings, and this Court *cannot* substitute its own contrary predilections or findings. *Perkin-Elmer v. Computervision Corp.*, 732 F.2d 888, 883 (Fed. Cir.), *cert. denied*, 469 U.S. 857 (1984). However, the panel has completely ignored the overwhelming body of evidence presented to the jury on the fact issues and substituted its own findings thereby rendered the jury's verdict meaningless. *See Malta*, 952 F.2d at 1332 (Newman, J. dissenting).

C. Plaintiffs Offered Substantial Evidence in Support of the Jury's Findings

Each of the purported bases for the panel's reversal of the jury's verdict is grounded on issues of fact. These include anticipation, patent infringement, and infringement under the doctrine of equivalents. *Richardson*, 868 F.2d at 1234, 1236; *Malta*, 952 F.2d at 1325.

1. The Japanese Publication

The issue of anticipation is a fact question to be decided by the jury. *Richardson*, 868 F.2d at 1234. The validity of a patent is presumed, 35 U.S.C. § 282 (1980), and the burden was on the appellants to prove invalidity by reason of anticipation by clear and convincing evidence. *Richardson*, 868 F.2d at 1235; *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 1050 (Fed. Cir.), *cert. denied*, 488 U.S. 825 (1988).

> Where, as here, there is a verdict of validity, the question is not whether the patentee had introduced sufficiently substantial evidence to support the verdict, but whether the challenger's evidence so met the burden imposed by 35 U.S.C. § 232 . . . that reasonable jurors could not have concluded that the challenger failed to overcome that burden.

Perkin-Elmer Corp. v. Computervision Corp., 732 F.2d 888, 893 (Fed. Cir. 1984).

In making its finding of validity of claim 1 of the '820 patent, the jury implicitly and necessarily concluded that the defendants failed to meet their burden of proving by clear and convincing evidence that claim 1 is invalid by reason of anticipation. In reviewing the evidence in a light most favorable to the verdict reached, the issue is whether no reasonable jury could have concluded that appellants failed to meet their burden. *Perkin-Elmer*, 732 F.2d at 893. In rejecting out of hand the jury's determination of that factual issue, the panel either overlooked or flatly ignored the substantial evidence supporting the jury's finding of validity, and instead, focused exclusively on the conflicting evidence offered by the defendants. In so doing, the panel wrongly, and contrary to established precedent, shifted the burden of proof and substituted its judgment for that of the jury.

The evidence supporting the jury's verdict that claim 1 is valid and refuting appellants' anticipation defense is substantial. Even

a cursory review of the Japanese publication (AE759-764) indicates that the purpose of that invention (introduction of sodium caseinate in canned seafood) was to suppress the formation of glass-like crystals in canned seafood products. The panel seized upon language in the Japanese publication noting some "benefit" in using "dispersed caseinates with excellent nutritional value and taste." It is reasonably clear that reference is to the taste of the ingredient, sodium caseinate, since in example 4, which deals specifically with canned tuna the Japanese concluded "there was no difference in the meat quality and taste" (upon the addition of sodium caseinate) (AE764).

The purpose of the Japanese invention is to suppress the formation of strabite (sic), not to improve the binding of the tuna, the lightening of the color, the reduction of the fishy odor, the use of less tuna to meet federal standards, and the improvement of flavor (A2062 V 2126-7). Further, Dr. Simon, a senior research chemist and Director of Research and Development for Van Camp, testified, after extensive testing, sodium caseinate was not functional in tuna (A3940). Therefore, the Japanese publication discusses an ingredient which had a different structure, a different function and produced a different result. Further, sodium caseinate is *not* a legal product for use in tuna fish in the United States (AE3615, A2046-47, 3805, AE915-9), and therefore, there would be no suggestion inherent in the Japanese publication of uses for the purposes set forth in the '820 patent, nor would it be rendered obvious to one skilled in the art (AE2826-27, AE3615, and 21 C.F.R. § 161.190; *see* Brief of Appellees at 10, 14-15, 32-34).

The chemical reaction created by adding hydrolyzed protein to tuna to improve the binding capabilities of the tuna, to improve the consumer appeal by lightening the color, to improve the flavor, to make the tuna less smelly, and to improve the yield in the canning process by using less tuna to meet the government's standards (A2126-7, 2162, 2054, 2062, 2115, 3876-71, 4338,

4351, and 4361), are not the attributes associated with the sodium caseinate referenced in the Japanese publication. *See In re Geiger*, 815 F.2d 686, 688 (1987) (obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention, absent some teaching, supporting the combination).

In *Jurgens v. McKasy*, 927 F.2d 1552 (Fed. Cir. 1991), this Court, on an issue of fact regarding anticipation by prior art, refused to substitute its view of conflicting evidence and properly deferred to the trier of fact. The Court said, "We need not say which of these arguments is more persuasive. What a reference teaches is a question of fact for the jury to decide, and we presume they resolved it in the [plaintiff's] favor." *Id.* at 1560. To be consistent, the Court here should have given the same deference to the jury's finding as it did in *Jurgens*. As demonstrated above, there is substantial evidence in the record on the *fact* issue of whether the Japanese publication anticipated claim 1 of the '820 Patent. The panel wrongfully substituted its own view of the evidence for that of the jury.

2. Claims 2-11 of the '820 Patent

The Court erroneously ignored the findings of the jury that relate to the infringement of the claims in the '820 patent. Claim interpretation is a matter of law unless there are factual disputes about the meaning of terms. *Polumbo v. Don-Joy Co.*, 762 F.2d. 969, 974 (Fed. Cir. 1985). Where, as in the instant case, there are no specific fact findings associated with the jury's finding of infringement, the appellate court "must" presume the existence of facts necessary to support the claim "and determine only if those facts are supported by substantial evidence." *McGill, Inc. v. John Zink Co.*, 736 F.2d 666, 672 (Fed. Cir.), *cert. denied*, 469 U.S. 1037, (1984). This Court, however, has ignored the rule of law set forth by the Supreme Court and has made its own findings of fact without regard to the evidence in the record which

resulted in the jury's verdict. *See Senmed, Inc. v. Richard-Allan Medical Industries*, 888 F.2d 815, 821 (Fed. Cir. 1989) (Newman, J. dissenting).

The panel summarily reversed the findings of the jury that claims 2-11 of the '820 Patent were infringed, finding that the infringing compound had an overall pH of 7 and therefore was not in violation of the patent since it generally claimed a pH of at least 8.5. This conclusion is not supported by the evidence viewed in a light most favorable to plaintiffs. The same chemical and physical reactions generally occurred in the production of the infringed and infringing product (AE1870-77, 1933-40, 2588, A1216, A1359-60, A1332-34; Brief of Appellees at 17, 37). Both the infringing and the infringed ingredient were functional in canned tuna fish, i.e., lightened the color, reduced the fish odor, more tightly bound the tuna flesh together, permitted use of less tuna and improved the favor (sic) (A3509-12, A4360). Both were applied in the same manner to the canned tuna (A1220). Not only is sodium caseinate an *illegal* ingredient in canned tuna fish, but also was *not* functional as determined by Van Camp's own scientists (A3910, A3938-41, SA2884, AE758-64). In fact, Van Camp's scientist concluded that sodium hydroxide alone would be functional, but again was not a legal ingredient in canned tuna (AE3880-61, 3763-70, A3938-39, A4319-20 Brief of Appellees at 46-47). It was the hydrolization of the casein by the additions of sodium hydroxide to a high pH (above 8.5) which gives plaintiffs' and defendants' ingredient its functionality (A2702, 2742-43, 2760; Brief of Appellees at 38). Deltown's ingredient was hydrolized solely by the addition of sodium hydroxide (AE3810-15, AE3297-3300; Brief of Appellees at 39).

Given this factual predicate, the jury could and did conclude, as Drs. Bidlack and Whitaker concluded, that Deltown's ingredient and the patented product derived their functionality from the high pH portions of the casein treated with sodium hydroxide (A2702, 2742-43, 2760; Brief of Appellees at 38-40).

The panel infers by its references to portions sifted out with a high pH of Deltown's product, that this was an insignificant portion of Deltown's product. Whereas the evidence was that at least 20% of Deltown's product consisted of casein treated with sodium hydroxide to obtain a pH of 9 or above. (A2809-11, 2863-66; Brief of Appellees, at 39). Even Dr. Whitaker, the defense expert, found that the Deltown product was a hydrolyzed product and not sodium caseinate, although he found it to be mixed with sodium caseinate (A3516-17). Dr. Whitaker further testified that sodium caseinate is not hydrolyzed (A3421-22, 3516, A3448-3517; Brief of Appellees at 39). The plaintiffs did not rely simply on sifted-out portions of the casein combinations to establish the high pH. Therefore, the jury properly relied upon the expert testimony of Dr. Bidlack as to approximately 20% of the compound being hydrolized protein with a pH of 9 or above.

The panel's conclusion that, since the entire mixture of Deltown's product had an overall pH of approximately 7, no reasonable jury could find infringement, obviates the protection to which a patent holder is entitled under the patent laws. The jury correctly concluded that a sufficient portion (at least 20%) of Deltown's product had a pH of 9 or above; that this was accomplished deliberately by Deltown by the *rapid* addition of the sodium hydroxide solution to the casein so that it reacted with *only a portion* of the casein (AE1865-67, AE2857-3030; Brief of Appellees at 16-17); and, therefore, achieved the same results, hydrolized protein, as the patented product, as to those portions of the casein treated with the sodium hydroxide. The jury found this to be direct infringement or infringement under the doctrine of equivalents.

The jury may have found significant the admission by Deltown management that Deltown's product was a straight duplicate of the Patented product (A1332-34, 1217, A1359-60; Brief of Appellees at 19-20); or, the fact that Deltown bagged and labeled its product as hydrolyzed protein *not* sodium caseinate (AE2748-

59, AE3789-3800); or, that the president of Deltown misled his own attorneys on how their infringing product was made (A5532-33, AE821-74, A3475, 3478, 3516-17, AE3838-49, A2863-66; Brief of Appellees at 45-46). The panel's conclusory opinion ignores this substantial evidence which supports the jury's verdict.

3. '933 Patent

The panel, in its conclusion, indicates that, since the overall mixture of the Deltown product had a pH of 7 it is, therefore, sodium caseinate and does not infringe the claims of the '933 Patent which contains a limitation that the product is *not* sodium caseinate and has a high pH. Again, the panel chose to ignore the substantial evidence which supports the jury's finding that the Deltown product was *not* sodium caseinate even though it had an overall pH of 7, but was a mixture of low pH sodium caseinate (a nonfunctional filler) and high pH hydrolyzed protein. The hydrolyzed protein provided the functionality to the product. The rapid addition of the sodium hydroxide to the casein by Deltown insured a chemical reaction only with an approximately 20% portion of the contents of the reaction vessel. This permitted an overall pH of approximately 7, even though 20% had a pH of 9 or higher. There does not appear to be any absolute standards in this field as to how to define casein "products", and the Court's preference, in the face of substantial evidence to the contrary, should not be substituted for the finding of the jury. Essentially the Court is permitting defendants to mix a filler (sodium caseinate) to the functioning ingredient (hydrolized casein) to avoid infringement. (See Section 2, *supra*).

4. '588 Patent.

Essentially the panel found file-wrapper estoppel since plaintiff designated specific enzymes for use in developing its product. The estoppel doctrine should apply only to nonmicrobial renant enzymes, the class of enzymes referenced in the Oberg

and Winger patents. As is evident here, Deltown used equivalent enzymes as testified to by Dr. Bidlack (AE3259). Both enzymes produced a creamy, sweetened hydrolyzed casein whereas the Oberg and Winger products produced, using the non-microbial renant enzymes, a bitter-sour product, not appropriate for use in tuna. This was directly shown in the taste test affidavit filed in the '588 application (AE514-29, AE481-83). The estoppel only applies to the non-microbial renant enzymes. Herz even testified that the sweet tasting flavor of his renant enzymes produced hydrolized casein (A5454).

5. Trade-Secrets, Fraud and Unjust Enrichment

The panel, contrary to substantial evidence found credible by the jury, held without foundation that this information was all public and/or the plaintiff failed to take meaningful steps to preserve secrecy. This finding is contrary to the evidence cited at pages 12-13, 54-55, of the Brief of Appellees, which the jury could and did believe.

In addition to the other evidence presented to support the jury's finding of protectable trade secrets, Dr. Reinke, Van Camp's Director of Technical Services, testified that it was the general understanding of the parties that the information was confidential (Reinke A4441-42). To arrive at its erroneous conclusion, the panel misapplied Missouri law on the subject by imposing specific requirements, such as a signed confidentiality agreement regardless of their applicability to this case, which are only among "[s]ome factors to be considered in determining whether given information is one's trade secret." *National Rejectors Inc. vs. Trieman*, 409 S.W.2d 1, 19 (Mo. banc 1966). In selectively quoting from the *National Rejectors* opinion, the panel, at pages *12-13* of its decision, omitted by its use of ellipses and ignored one of the most important teachings contained in that opinion, which is that "[a]n exact definition of a trade secret is not possible." *Id.* In sum, the jury was properly instructed and,

upon the evidence presented, found that trade secrets existed and were misappropriated by appellants.

Because the panel's rejection of the jury's finding of fraud and unjust enrichment is based upon its misguided disposition of the trade secrets claims as aforesaid, the panel's decision on those claims is likewise erroneous.

6. Wrongful Interference

The panel's rejection of the jury's determination of Deltown's wrongful interference with appellees' expectation of a continued business relationship with Ralston on the ground that the record discloses "nothing beyond legal competitive conduct," is premised on its erroneous conclusions relative to the issues of infringement and trade secrets. Consequently, the panel's decision on this issue is likewise erroneous.

IV. CONCLUSION

The instant proceeding clearly illustrates a schism in the administration of justice under the patent laws before the Federal Circuit. Plaintiffs requested a jury trial of disputed issues of fact and prevailed with a compelling verdict on twelve of thirteen counts seeking protection of plaintiffs' patent and related rights. On review by the Federal Circuit, the panel substituted its own interpretation of the facts and drew numerous conclusions totally contrary to the jury's findings. Philosophically and pragmatically, this type of review leads to a lack of predictability and continuity for patent holders and undermines confidence in the patent laws. Thus, this Court ! sitting *in Banc* should decide, as a matter of law, that either jury verdicts are to be given the presumptions to which they are otherwise entitled under existing principles, or recognize that an appeal of a jury verdict to the Federal Circuit is a trial *de novo* on the issues of fact in a patent case.

Respectfully submitted,

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CERTIFICATE OF SERVICE

A true copy of the foregolng Brief of Plaintiffs-Appellees and Cross-Appellants John H. Ernster and Excelpro, Inc. was mailed, postage prepaid, this 26th day of October, 1991, to: James V. O'Brien, Lewis, Rice & Fingersh, 611 Olive Street, Suite 1400, St. Louis, Missouri 63101; Randall G. Litton, Price, Heneveld, Cooper, DeWitt & Litton, 695 Kenmoor, S.E., P.O. Box 2567, Grand Rapids, Michigan 49501; Rudolf E. Hutz, Connolly, Bove, Lodge & Hutz, 1220 Market Building, P.O. Box 2207, Wilmington, Delaware 19899; and William L. Mahone, 165 Mason Street, Greenwich, Connecticut 06830.

/s/Chris Osborn

Supreme Court, U.S.
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No. 92-1399

In The

Supreme Court of the United States

October Term, 1992

JOHN ERNSTER and EXCELPRO, INC.,

Petitioners,

vs.

RALSTON PURINA COMPANY and VAN CAMP SEAFOOD COMPANY, INC. and DELTOWN CHEMURGIC CORPORATION,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF IN OPPOSITION FOR RESPONDENTS RALSTON PURINA COMPANY AND VAN CAMP SEAFOOD COMPANY, INC.

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RESTATEMENT OF THE QUESTIONS PRESENTED

Whether this Court should exercise its discretion to review the Federal Circuit's reversal of a judgment based on jury verdicts where:

(a) the jury found a patent claim valid when it was clearly anticipated under 35 U.S.C. § 102;

(b) the jury found patent claims infringed when those claims, as a matter of law, could not be interpreted so as to be infringed by the process and product in issue;

(c) the jury found trade secrets to have been misappropriated when there was no evidence in the record to show that the trade secrets were, in fact, secret or that the Petitioners had taken any measures to protect the secrecy of them;

(d) the jury found wrongful interference with business expectancies when the record showed nothing beyond legal competitive conduct.

RULE 29.1 STATEMENT

Respondent, Ralston Purina Company, is a Missouri corporation. It has no related corporations other than wholly-owned subsidiaries.

Respondent, Van Camp Seafood Company, Inc., was formerly a wholly-owned subsidiary of Ralston Purina Company. It is now owned by Van Camp Seafood Holding B.V., a Netherlands corporation, and Prudential Insurance Company of America.

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Restatement (Second) of Torts § 768 15

No. 92-1399

In the

Supreme Court of the United States

October Term, 1992

JOHN ERNSTER and EXCELPRO, INC.,

Petitioners,

vs.

RALSTON PURINA COMPANY and VAN C AMP SEAFOOD COMPANY, INC. and DELTOWN CHEMURGIC CORPORATION,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF IN OPPOSITION FOR RESPONDENTS RALSTON PURINA COMPANY AND VAN CAMP SEAFOOD COMPANY, INC.

COUNTER STATEMENT OF THE CASE

Respondents Ralston and Van Camp commenced purchasing from Petitioners in 1984 an additive for use in the canning of tuna fish. Respondents, in that same year, embarked upon a project to

find a source of an alternate additive. Such a source, co-respondent Deltown Chemurgic Corporation (Deltown), was located in 1986. Respondents, thereafter, purchased additive for one canning plant from Petitioners and for another canning plant from Deltown.

The Deltown additive differed from Petitioners' additive in that it was an "enzyme" treated casein rather than alkaline hydrolyzed casein. Significant for present purposes, is that Petitioners' additive was extremely caustic, having a pH in excess of 8.5, while Deltown's additive was a neutral salt, having a pH of approximately 7.

Respondents were aware, at the time the decision was made to purchase the Deltown additive, of the three patents owned by Petitioners. Those patents, in fact, had been studied carefully prior to the decision to add Deltown as a supplier as well as in the development of the Deltown additive. All reasonable steps were taken by Respondents and Deltown to insure that the additive manufactured by Deltown and used by Respondents would not constitute infringement of any valid claim of these patents.

Respondents' patent counsel Hill considered the validity of the '820 patent in late 1984. He concluded, as a result of the existence of a Japanese patent publication published in 1970, that claim 1 of the '820 patent was clearly anticipated under 35 U.S.C. § 102 and, thus, invalid. Hill A4473-74, 4544-47.[1] He considered infringement of the remaining claims of the '820 and '933 patents in 1986. He concluded that none of these claims was infringed since the proposed Deltown additive had a pH at or around 7, whereas the additive which was the subject of the '820 and '933 patents was an alkaline hydrolyzed additive having a pH in excess

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1. Citations to the Joint Appendix filed with the Court of Appeals for the Federal Circuit are "A__." Citations to the Appendix to Petitioners' Petition for Writ of Certiorari are "App. A-__."

of 8.5 ('820 patent) or approximately 10 ('933 patent). Hill A4480, 4482-83. Hill considered, finally, infringement of the '588 patent by the proposed Deltown additive. He concluded that since the enzymes utilized in the process of making the Deltown additive were different from those used in the process of the '588 patent, the '588 patent was not infringed. Hill A4480.

Hill reached each of these conclusions well prior to the purchase and use of any of the Deltown additive by Respondents. These same conclusions were reached independently by outside counsel for Deltown. Herz A5401-05, A E821-74.[2] The accuracy of these conclusions was later confirmed by outside counsel for Respondents. Hill A4526, 4536-37. These conclusions parallel precisely the findings of the Court of Appeals for the Federal Circuit here at issue.

Petitioners brought suit against Respondents and Deltown in 1987, charging Respondents with infringement of these three patents, conspiracy to infringe these patents, breach of contract and misappropriation of trade secrets.[3] The complaint also contained unjust enrichment and fraud claims based upon the misappropriation of trade secrets.[4] The jury found for Petitioners

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2. Deltown counsel, when rendering his opinion, did not have the Japanese publication available, so the opinion made no reference to it.

3. Deltown was charged, separately, with tortious interference with business relationship. The jury found for Petitioners on this count. Deltown's judgment notwithstanding the verdict motion was denied. The resultant judgment was also reversed by the Federal Circuit.

4. The breach of contract count was based on an alleged oral undertaking by Respondents to purchase their requirements of tuna fish additive from Petitioners for an unspecified period of time. The misappropriation of trade secrets count was also based upon an alleged oral contract and, as developed during discovery, involved a laundry list of alleged secrets which proved, on inspection, to be anything but secret. Many of the items, in fact, were specifically recited in the three patents. App. A-11-13.

on each of those counts excepting the breach of contract count. The trial court denied Respondents' motions for judgment notwithstanding the verdict. Respondents appealed to the Court of Appeals for the Federal Circuit. That court reversed all judgments against Respondents.

The Federal Circuit opinion is nonprecedential in accordance with Rule 47.8 of that court. As such, it may be somewhat more abbreviated than would be the case had it not been "unanimously determined by the panel at the time of . . . [its] issuance as not adding significantly to the body of law."[5] The opinion, nevertheless, sets forth clearly the bases upon which the court reversed each of the judgments below.

The opinion concludes with respect to claim 1 of the '820 patent:

> Thus, the Japanese patent discloses every limitation of claim 1, rendering claim 1 invalid by anticipation.
>
> On this record, *no reasonable jury* could have found claim 1 of the '820 patent valid.

Emphasis supplied. App.A-5.

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5. The trend to dispose of cases by short unpublished memorandum decisions has arisen out of necessity due to the heavy caseloads facing courts today. *Nat'l Classification Comm. v. United States*, 765 F.2d 164, 172 (D.C. Cir. 1985) ("the heavy caseload in this court necessitates the disposition of a large percentage of cases by order or short unpublished memorandum opinions"); *Michigan Lawyers Weekly*, April 29, 1991, p. 12 ("the reality of the burgeoning appellate case load is that the fact-specific, jurisprudentially simple cases whose resolution is mandated by settled precedent, must be decided in short, simple, and abbreviated unpublished opinions and orders").

The opinion concludes with respect to claims 2-11 of the '820 patent:

> Claims 2-11, however, do not place the "pH of at least 8.5" limitation on a sifted-out "portion" of the casein combination. Rather the claims cover a "combination" which has a pH of at least 8.5. As such, claims 2-11 do not read on the accused product. Because *no reasonable jury, applying properly interpreted claims,* could have found infringement of claims 2-11 of the '820 patent, this court reverses that determination.

Emphasis supplied. App.A-5-6.

The opinion concludes with respect to the '933 patent:

> In sum, every claim in the '933 patent contains some limitation—*either express or evident from the prosecution history*—to a pH of approximately 10. Nothing in the '933 patent indicates that the phrases "reaction vessel" and "contents of the reaction vessel" mean anything other than the contents as a whole. The pH claim limitations in the '933 patent refer to the pH of the entire hydrolyzed protein product, not to the pH of sifted portions of the product.
>
> * * *
>
> *Properly interpreted,* the claims of the '933 patent do not read on the accused process. Because *no reasonable jury,* applying properly

> interpreted claims, could have found infringement of any of the claims of the '933 patent, this court reverses.

Emphasis supplied; citations omitted. App. A-8-9.

The opinion concludes with respect to the '588 patent:

> Because the '588 patent does not literally encompass the accused process or product, the jury must have found infringement under the doctrine of equivalents.
>
> The doctrine of equivalents, however, cannot recapture for the patentee matter disclaimed during prosecution of the patent or matter in the prior art when the patent issued.
>
> * * *
>
> *Prosecution history estoppel* prevents Mr. Ernster from acquiring coverage for matter in the prior art and for matter he specifically disclaimed during prosecution.
>
> *No reasonable jury* could have found the *properly construed claims* of the '588 patent to cover the accused process.

Emphasis supplied; citations omitted. App. A-9-10.

The opinion concludes with respect to trade secret misappropriation:

> In sum, Mr. Ernster did not show that his

> alleged secrets were secret at all or that he took steps to ensure their secrecy. Under applicable Missouri law, *no reasonable jury* could have found that Mr. Ernster possessed trade secrets.

Emphasis supplied. App. A-13.

The opinion concludes with respect to wrongful interference with business expectancies:

> The record shows that Deltown was an active competitor in the market. The record discloses, however, nothing beyond this legal competitive conduct. Once again, this record does not contain sufficient evidence to convince *any reasonable jury* that Deltown wrongfully interfered with appellees' business expectations.

Emphasis supplied. App. A-13.

REASONS FOR DENYING THE WRIT

The petition should be denied because it totally lacks any "special and important reasons" for granting it, as required by Rule 10.1 of this Court. Clearly, there is no conflict between the judgment of the Court of Appeals for the Federal Circuit for which review is sought and any decision of another court of appeals, since the Federal Circuit has exclusive jurisdiction over patent appeals. 28 U.S.C. § 1295(a). Nor has the Federal Circuit in its judgment "so far departed from the accepted and usual course of judicial proceedings . . . as to call for an exercise of this Court's power of supervision," as specified in Rule 10.1 (a) of this Court.

Rather, the Federal Circuit in this case conducts itself well within "the accepted and usual course of proceedings." It performs

the precise function which is required of it and its companion appeal courts—the review of lower court judgments to insure that they all have been entered in accordance with applicable law. *Cuddy v. Carmen*, 762 F.2d 119, 123 (D.C. Cir.), *cert. denied*, 474 U.S. 1034, 106 S. Ct. 597 (1985); *Matter of McLinn*, 739 F.2d 1395, 1401 (9th Cir. 1984); *United States v. Cruz*, 581 F.2d 535, 541 (5th Cir. 1978), *overruled on other grounds*, 834 F.2d 1179 (5th Cir .1987).

Petitioners, at pages 10-16 of the petition, in a desperate attempt to generate "special and important reasons" where none exists, indict the Court of Appeals for the Federal Circuit, not for the manner in which it decided the case at bar, but for the manner in which it has allegedly decided other cases. The indictment, moreover, is based almost exclusively on cases decided during the infancy of that court, 1983-1986.

The simple fact of the matter is what the Court of Appeals for the Federal Circuit did or did not do during this period, while of probable historical interest to legal scholars, is totally irrelevant to whether this Court should grant the writ which Petitioners request. Relevant, rather, is what the Court of Appeals for the Federal Circuit is doing currently and, specifically, what it did in the case at bar.[6]

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6. This Court, in April 1986, vacated a judgment of the Court of Appeals for the Federal Circuit and remanded the case for further consideration in light of Rule 52(a). This Court, in the remand, expressed concern that the Federal Circuit had not explicitly applied the clearly-erroneous standard to the district court's findings on the obviousness of a patent. *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809, 811, 106 S. Ct. 1578, 1579 (1986). This Court, over the ensuing years, has not seen fit to grant further petitions raising this issue, despite repeated opportunities to do so. The reason is obvious. If, in fact, the Federal Circuit prior to *Dennison* was doing something wrong, it has now corrected the problem.

Petitioners' questions which are presented for review are not really questions in the context of this case. Respondents, in fact, do not disagree: (1) that the Court of Appeals for the Federal Circuit is bound by the established standard of appellate review when reviewing factual determinations made by a jury in a patent case; and, (2) that the Seventh Amendment requires the Court of Appeals for the Federal Circuit in a patent case to apply the same "sufficiency of evidence" test to a jury's factual determinations that is applied by all other circuit courts in civil jury cases. That the Court of Appeals for the Federal Circuit, likewise, does not disagree with these postulates is evident from even a cursory reading of its decision in this case.

Petitioners, throughout the petition, treat the Seventh Amendment as though it were intended to shield judgments based on jury verdicts from appellate review. The treatment is couched in the argument that the Federal Circuit applied the wrong standard in its dealings with the jury's factual determination. The Federal Circuit, in fact, applied not only the correct standard, it applied the very standard advocated by Petitioners.

Petitioners argued before the Federal Circuit that the court could reverse jury factual determinations only in the event they were convinced those determinations were not supported by substantial evidence—*i.e.*, by such relevant evidence from the record taken as a whole as might be accepted by a reasonable mind as adequate to support the findings under review.[7] The Federal Circuit referenced this so-called "reasonable juror" standard throughout the opinion here in issue. A reading of the opinion leaves no doubt, moreover, that this repeated reference was not mere lip service. The standard was substantively applied in each instance where it was necessary.

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7. Brief of Plaintiffs-Appellees and Cross-Appellants John H. Ernster and Excelpro, Inc., pp. 22-23.

Illustrative is the Federal Circuit's ruling that claim 1 of the '820 patent was anticipated by the Japanese publication. At issue, under well-settled principles of patent law, was whether or not the Japanese publication disclosed each limitation set forth in the claim. *Ralston Purina Co. v. Far-Mar-Co, Inc.*, 772 F.2d 1570, 1574 (Fed. Cir. 1985). It is the claim that is anticipated, not the specification. *Constant v. Advanced Micro-Devices, Inc.*, 848 F.2d 1560, 1571 (Fed. Cir.), *cert. denied*, 488 U.S. 892, 109 S. Ct. 228 (1988). An unclaimed difference will not avoid anticipation. *SSIH Equip., S.A. v. United States Int'l Trade Comm'n*, 718 F.2d 365, 378 (Fed. Cir. 1983).

The Federal Circuit, at pages 4 and 5 of the opinion, demonstrated that the Japanese publication discloses each limitation of claim 1 of the '820 patent. It is readily apparent from even a cursory review of that demonstration that there was no controversy whatever as to what the Japanese publication taught or what the words of the claim were intended to mean. There were not two permissible views of the evidence. The only permissible view dictated a finding of anticipation. No reasonable jury could have found otherwise, and the Federal Circuit so held.

Petitioners next reference credibility determinations, arguing that it was the jury, not the Federal Circuit, that had the opportunity to observe the witnesses. Petitioners' argument would have merit if the Federal Circuit had substituted its view of the testimony for the jury's view. The Federal Circuit opinion, however, involves no such substitution. Exemplary are the rulings regarding noninfringement of the '820 patent and the '933 patent by the Deltown additive and the process of making and using it.

The testimony at trial from all witnesses, including Petitioner Ernster, was unanimous that the Deltown additive had an overall neutral pH of approximately 7. Ernster A5186, 5240-41. Petitioners did call witnesses who testified that sifted-out portions

of this Deltown additive had a pH in excess of 7. At no point in the appeal, however, was the accuracy of any of this testimony brought into question. At issue, rather, was whether claims 2-11 of the '820 patent and the claims of the '933 patent were directed to the Deltown additive as a whole or to sifted-out portions of the additive. The issue, in other words, was patent claim interpretation.

This issue (also called claim construction) was ruled by this Court as early as 1895 to be a question of law. *Coupe v. Royer*, 155 U.S. 565, 577, 15 S. Ct. 199, 204 (1895). The Federal Circuit has repeatedly and consistently so held. *See, e.g., Loctite Corp. v. Ultraseal, Ltd.*, 781 F.2d 861, 866 (Fed. Cir. 1985); *Senmed Inc. v. Richard-Allan Medical Indus., Inc.*, 888 F.2d 815, 818 (Fed. Cir. 1989).[8]

The Federal Circuit, applying this well-settled principle of patent law, determined that claims 2-11 of the '820 patent were not directed, as a matter of law, to "sifted-out portions" of the Deltown additive but, rather, to the Deltown additive as a whole. The court then concluded that since the Deltown additive as a whole had an undisputed pH of around 7, no reasonable jury could have found it to infringe these claims which called for an additive having an overall pH of at least 8.5.

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8. While in some situations issues of fact involving the meaning of claim terms may arise, *Perini America, Inc. v. Paper Converting Machine Co.*, 832 F.2d 581, 584 (Fed. Cir. 1987); *SmithKline Diagnostics, Inc. v. Helena Laboratories Corp.*, 859 F.2d 878, 882 (Fed. Cir. 1988), the case at bar is not one of those situations. The Federal Circuit, in fact, specifically noted this exception to the general rule, and it specifically ruled out its applicability in this case—*i.e.*:

> Although a patentee may be his own lexicographer, when the patent contains no alternative definition for a claim term, the term is given its ordinary meaning.

App A-9.

The Federal Circuit's infringement analysis of the '933 patent involved, additionally, the doctrine of prosecution history estoppel (formerly file wrapper estoppel).[9] This issue, like the issue of claim construction of which it forms a part, is also a question of law. *LaBounty Mfg. Inc. v. United States Int'l Trade Comm'n*, 867 F.2d 1572, 1576 (Fed. Cir. 1989); *Sun Studs, Inc. v. ATA Equip. Leasing, Inc.*, 872 F.2d 978, 986-87 (Fed. Cir. 1989). A patentee, as a matter of law, may not adopt a claim interpretation disavowed during prosecution. *Jonsson v. Stanley Works*, 903 F.2d 812, 817-18 (Fed. Cir. 1990)

The court analyzed in some detail the prosecution history of the '933 patent. It then concluded as a matter of law that all claims in this patent were limited to an additive which, as a whole, had a pH of approximately 10. Since the Deltown additive, as a whole, had an undisputed pH of approximately 7, the Federal Circuit concluded that no reasonable jury could have found it to infringe the '933 claims.

The Federal Circuit did not question the credibility of the testimony that "sifted-out portions" of the Deltown additive had a pH in excess of 7. It found, rather, that the testimony was irrelevant to the issue of infringement of the claims of the '820 and '933 patents. It found that the claims of those patents, properly interpreted as a matter of law, were directed to the whole rather than to "sifted-out portions."

Petitioners' discussion of the doctrine of equivalents in connection with the '588 patent shows, at best, a gross misunderstanding of the doctrine of prosecution history estoppel. It is correct that by application of the doctrine of equivalents a product or process that does not literally infringe a claim may

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9. This issue was also involved in the Federal Circuit's legal interpretation of the claims of the '820 patent. *See* App. A-5, fn 2.

infringe if "it performs substantially the same function in substantially the same way to obtain the same result." *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605, 608, 70 S. Ct. 854, 856 (1950). Prosecution history estoppel, however, limits a patentee's right to resort to the doctrine of equivalents by preventing him from contending later in an infringement action that his claims should be interpreted as if limitations added by amendment were not present. *Thomas & Betts Corp. v. Litton Sys., Inc.*, 720 F.2d 1572, 1579 (Fed. Cir. 1983). File wrapper estoppel, as already noted, is a question of law. *LaBounty*, 867 F.2d at 1576. Once it is found applicable, reliance on the doctrine of equivalents to expand claims beyond the literal language which they contain is precluded. *Townsend Eng'g Co. v. HiTec Co.*, 829 F.2d 1086, 1091 (Fed. Cir. 1987). Any other interpretation would permit a patentee's recapturing of what was forfeited in obtaining the patent, a result contrary to a fundamental underpinning of patent law. *Senmed*, 888 F.2d at 821 .

The Federal Circuit examined the prosecution history of the '588 patent. It determined that Petitioners "emphasized" the importance of the specific enzymes listed as limitations in the claims. It determined, moreover, that the enzymes used in the allegedly infringing Deltown additive were identical to the enzymes utilized by the prior art. Given the legal conclusion that the scope of the claims of the '588 patent was limited to the enzymes specifically recited, no reasonable jury could have found the Deltown additive, which incorporated enzymes different from those recited, to infringe. Indeed, given the uncontested fact that the Deltown additive used the very same enzymes as the prior art, no reasonable jury could have found the '588 claims infringed. The Federal Circuit properly so held .

The Federal Circuit commenced its analysis of the trade secret issue by reviewing applicable Missouri law, noting specifically the requirements that trade secrets, in fact, be secret and that the

proprietor take reasonable measures to keep them such. It next analyzed the specific secrets which Petitioners alleged to have been purloined, noting that some were disclosed in the three patents in suit while others were circulated widely in the trade without Petitioners even attempting to retain control of them. It is little wonder that the Federal Circuit, after this analysis, ruled that Petitioners had failed to prove the existence of protectable trade secrets.

Yet, Petitioners continue to press this issue. Here they treat the Seventh Amendment as though it were some sort of blindfold intended to mask the truth. They argue, contrary to law, that the jury somehow has the power to remove from the public that which, by definition, is public, or to "erase" from the patents in suit the information which they contain. Their argument is both illogical and wrong.

There is the issue, finally, of the Federal Circuit's reversal of the judgment pertaining to wrongful interference with business expectancies. While this judgment went against Deltown, not the undersigned Respondents, the total lack of evidentiary basis for it demands attention in this response. This judgment, along with that pertaining to trade secrets, shows beyond peradventure that the jury in this case somehow failed in its assigned task, and that the district judge did little, if anything, to correct that failure, leaving to the Federal Circuit the task of effectively setting aside the verdicts in order to prevent a gross miscarriage of justice.

Significant to this inquiry is the fact that the jury, in its only finding favoring Respondents, determined that there was no contract governing how much additive, if any, would be purchased by Respondents from Petitioners or during what period of time such purchases were to be made. App. A-23. Even had the jury been legally justified in determining that Deltown had somehow interfered with this nonexistent contract, there was absolutely no

evidence whatever in the record tending to show that the interference lacked justification. While there may have been an expectancy by Petitioners to continue selling to Respondents, it has never been a tort to compete or to bid for a customer's business. *Restatement (Second) of Torts* § 768; *Henry v. Chloride, Inc.*, 809 F.2d 1334, 1351 (8th Cir. 1987).

The Court of Appeals for the Federal Circuit held that the record showed nothing by Deltown beyond legal competitive conduct and, thus, did not contain sufficient evidence to convince any reasonable jury that Deltown wrongfully interfered with Petitioners' business expectations. The Federal Circuit was clearly correct in this holding as well as its other holdings.

CONCLUSION

There are no "special and important reasons" why this Court should grant the requested writ. This is but a routine case. The jury, in a series of mistakes, made findings which were not supported by substantial evidence. The Court of Appeals for the Federal Circuit rectified those mistakes by reversing the judgments which resulted from them.

Respectfully submitted,

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No. 92-1399

IN THE

Supreme Court of the United States

OCTOBER TERM, 1992

JOHN H. ERNSTER and EXCELPRO, INC.,
Petitioners,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.
and DELTOWN CHEMURGIC CORPORATION,
Respondents.

On Petition For A Writ Of Certiorari To The United States Court of Appeals For The Federal Circuit

BRIEF IN OPPPOSITION FOR RESPONDENT DELTOWN

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COUNTERSTATEMENT OF THE QUESTION PRESENTED

Whether in a routine chemical patent case the Court of Appeals for the Federal Circuit followed established standards of appellate review in reversing the judgment entered on a jury verdict, or whether that court so deviated from appellate review standards that it violated petitioners' Seventh Amendment jury trial rights with ramifications serious enough to warrant grant of a writ of certiorari?

RULE 29.1 STATEMENT

Respondent Deltown Chemurgic Corporation, now by change of corporate name known as Deltown Corporation, is a New York corporation. Pursuant to Rule 29.1, it provides the following list of all companies which may be considered to be its parent companies and subsidiaries (except wholly owned subsidiaries) by virtue of the fact that these companies may be deemed to be commonly controlled.

W.R. Berkley Corporation, a Delaware corporation

Strategic Distribution, Inc., a Delaware corporation, and

Finevest Foods, Inc., a Delaware corporation

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COUNTERSTATEMENT OF THE CASE

John Ernster and his corporation, Excelpro, Inc. (collectively referred to as "Ernster" or as "petitioners"), obtained the three chemical patents in suit on certain hydroxide-treated casein-based products and processes for treating canned tuna fish. The prior art had already disclosed casein-based food additives and how to treat casein with sodium hydroxide or with enzymes to produce sodium caseinate. The art also disclosed the canning of tuna fish using sodium caseinate. Nevertheless, Ernster persisted in his patent applications and ultimately gained allowance of the three patents: No. 4,363,820 (the '820 patent); No. 4,545,933 (the '933 patent); and No. 4,600,588 (the '588 patent). The key prior art of treating tuna fish with sodium casein during the canning process was not known to the United States Patent and Trademark Office (the "PTO") during prosecution of these patents.

Except for one claim in the '820 patent, Ernster's patent claims were narrowly circumscribed during prosecution before the PTO. Petitioners' statement of the case says nothing about the restricted scope of the claims or the limitations therein, notwithstanding the fact that a proper analysis and construction of the claims were the decisive grounds for the Court of Appeals' rulings on the patent aspects of the case.

Avoiding any discussion of the claims of the three patents, the petitioners' statement of the case extols the results allegedly achieved by "Ernster's product," which was initially casein treated with trisodium phosphate (TSP) in an aqueous medium and subsequently, as referred to in the '820 and '933 patents, casein

treated with sodium hydroxide in the presence of water. Pet. 3-4. The petition goes on to say that Van Camp, an affiliate of Ralston, used Ernster's E-PRO-HY product in the canning of tuna, but that it later switched to using Deltown's product known as Dellac 86101. Pet. 5-6. Dellac 86101 was simply sodium caseinate, the very chemical taught by the prior art for canning tuna fish.

Instead of facing the critical, indeed impossible, task of applying the claims of Ernster's patents to the accused Deltown 86101 product and related processes while still distinguishing over the prior art, the petitioners' statement of the case substitutes glib hearsay assertions by a disgruntled Deltown ex-employee that 86101 was just a "knock-off" of E-PRO-HY using an enzyme that had "no effect." Pet. 6. The petitioners concede that in the accused 86101 product, "Less sodium hydroxide was used than in petitioners' product . . . ," but nevertheless assert that the 86101 was "much as set out in Petitioners' patent . . ." Pet. 6.

Such generalities sufficiently confused the jury into awarding verdicts of $2,654,767 against Van Camp and $2,492,852 against Deltown, but they did not confuse the Court of Appeals which was aware of the vital significance of the patent claims in any patent litigation. The verdict against Deltown included damages for patent infringement, conspiracy to infringe (a non-existent cause of action), misappropriation of trade secrets, intentional interference with Ernster's business relations with Van Camp, and unjust enrichment. The trial court denied defendants' motions for judgment notwithstanding the verdict except to

reduce the total award by $248,000 on the ground that the conspiracy verdict was joint and several.

The Court of Appeals reversed the judgment of the District Court on all counts based on a cogent application of the claims of each patent to the prior art and to the accused products and processes, based on the lack of evidence to support the causes of action for trade secret misappropriation, intentional interference and unjust enrichment, and based on lack of evidence and legal insufficiency of the claim for conspiracy to infringe. The Court of Appeals' decision was by a unanimous panel. Ernster's suggestion of a rehearing *en banc* was denied.

SUMMARY OF ARGUMENT

1. The petition raises no special or important questions or ramifications, no decisional conflicts, and no serious departures from the accepted and usual course of judicial proceedings that require the exercise of this Court's discretion in granting a writ of certiorari. This is a routine chemical patent case decided on common patent law concepts.

2. The Federal Circuit decided this patent case pursuant to the same accepted standards of appellate review followed by the other Circuit Courts of Appeal in cases not involving patents. The trade secret and other ancillary issues were similarly decided. The Court of Appeals merely accepted the undisputed facts and did not weigh conflicting evidence, make *de novo* findings, or inject its patent or technical expertise in any improper manner that deprived petitioners of their Seventh Amendment jury trial right or any other right. The Federal Circuit correctly relied on the express limitations of the claims of the patents, which

were essential in obtaining the patent in the first place, in holding that no reasonable jury could have found both infringement and validity, but the petition for certiorari scarcely mentions the claim limitations which were so critical to the Federal Circuit's decision. The Federal Circuit applied principles of claim interpretation and the doctrine of prosecution history estoppel in a manner that was entirely proper, and petitioners have not shown otherwise.

3. Petitioners' arguments founded on broad criticisms of the Federal Circuit and its prior decisions in other cases are both unwarranted and insufficient to support the grant of certiorari in the absence of any errors in the present proceedings.

ARGUMENT: REASONS FOR DENYING THE WRIT

1. The Petition Presents No Special And Important Reasons Or Extreme Departures From The Accepted And Usual Course of Judicial Proceedings That Require This Court's Intervention.

The petition should be denied because it totally lacks any "special and important reasons" for granting it, as required by Rule 10.1 of this Court. There is no conflict between the judgment of the Federal Circuit for which review is sought and any decision of another Court of Appeals, since the Federal Circuit has exclusive jurisdiction over patent appeals. Nor has the Federal Circuit in its judgment "so far departed from the accepted and usual course of judicial proceedings . . . as to call for an exercise of this Court's power of supervision," as specified in Rule 10.1(a) of this Court. This is a routine patent case involving chemistry and patent principles, and there is nothing in

the Federal Circuit's decision warranting grant of the relief sought.

The petitioners argue that the Federal Circuit gave no deference to the verdicts rendered by the jury or to whatever claim interpretations the verdicts implied. This is the same shop-worn lament presented in petitions for certiorari any time a Court of Appeals finds it necessary to reverse trial court judgments based on jury verdicts. This case has no ramifications other than these particular patent and trade secret determinations between the parties to this suit. No important principles of law are affected, and indeed the petition cites no erroneous statements of law on the part of the Federal Circuit. By no means have petitioners demonstrated a violation of their Seventh Amendment right to a jury trial, for the Court of Appeals backed its reversal with solid legal reasoning based on proper standards of review and basic principles of patent law over which there is no controversy. This is a particularly inappropriate case for the granting of a writ of certiorari.

2. The Court Of Appeals Decision Followed Proper Standards Of Review; There Was No Deprivation Of Petitioners' Seventh Amendment Jury Trial Right.

Much of the petition for certiorari is devoted to discussion of other cases decided by the Federal Circuit. Petitioners attempt to demonstrate that the Federal Circuit has systematically—since its creation—deprived litigants of their Seventh Amendment jury trial rights. Such references to other cases cannot *per se* demonstrate error with respect to the present case. When petitioners finally turn to the present case, their arguments rest entirely on the generalities that a Court of Appeals should not "substitute its views of

conflicting evidence" and should not engage in "credibility determinations." Pet. 19-20. The Federal Circuit engaged in none of these errors as accused by petitioners. In dealing with each issue the Federal Circuit articulated and applied the law correctly in all respects and did not make *de novo* findings or resolve conflicting evidence.

The '820 Patent

The Federal Circuit followed proper legal standards in holding that "no reasonable jury could have found claim 1 of the '820 patent valid." App. A 5.[1] After quoting the broadly worded claim one, which very generally called for treating casein with sodium or potassium hydroxide in the presence of water, adding to tuna fish, sealing the container, then heat treating and cooling, the Court of Appeals pointed out that at least one prior art patent disclosed each and every step of the claim. App. A 4-5. It correctly recognized the controlling legal principle that: "A prior art reference anticipates a claim when the reference discloses every limitation of the claim. *Ralston Purina Co. v. Far-Mar-Co., Inc.*, 772 F.2d 1570, 1574, 227 USPQ 177, 179 (Fed. Cir. 1985)." App. A 5.

The Court of Appeals made no factual or credibility determination of its own. It simply compared the lit-

[1] The Federal Circuit specifically followed this "no reasonable jury" standard of review with respect to all three patents. Accordingly, it is plainly wrong for petitioners to contend that the Federal Circuit "never bothers to assert that the jury's interpretation was entirely irrational and unreasonable," Pet. 20, or that it ignored "whether reasonable jurors could have interpreted the claim in the manner presumed." Pet. 22. The Federal Circuit in so many words stated with respect to each patent that "no reasonable jury" could have found as this jury did.

eral language of the broad claim one of the '820 patent with the description in so many words contained in the prior art. It recognized that claim one (referred to as Count I at Pet. 19) was so broad on its face that it read verbatim on, and was therefore anticipated by, the prior art patent. App. A 4-5. Claim one had no pH limitation, which served to distinguish the other claims of the '820 patent from the prior art, and in the absence of such a pH limitation it read directly on the treatment of tuna fish with sodium caseinate as described in the prior patent. Sodium caseinate was made in the prior art by combining the acidic casein with enough alkaline sodium hydroxide to bring the pH up to the neutral pH of 7, but not with an excess of alkali that would elevate the pH to 8.5 or above and cause hydrolysis.[2] Because claim one was written without a pH limitation, the Court of Appeals correctly concluded that it covered the application of the 7 pH sodium caseinate to tuna fish as disclosed in the prior art patent, and therefore it had to be invalid.

Petitioners still do not seem to get the point, for they ignore the breadth and wording of claim one in

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[2] As stated in the Court of Appeals' decision, App. A 2:

> Hydrolysis of proteins breaks peptide bonds, the chemical bonds that link amino acids together to form a protein. Reacting an acid or a base with a protein, in the presence of water, causes hydrolysis. Hydrolysis also results by reacting the protein with an enzyme.
>
> Hydrolysis of proteins—the addition of water and an acid or a base to the protein—necessarily affects the pH of the combination. A pH of 7 indicates a neutral solution. An acidic solution has a pH less than 7; a basic solution, greater than 7.

their petition, and they devote their argument to making distinctions as to the purpose of applying sodium caseinate in the canning of tuna pursuant to the prior art, contending, for example, that the earlier treatment of canned tuna was to prevent struvite. Pet. 20-21. None of these distinctions as to the purpose of the prior art has anything to do with claim one, which is directed simply to "preparing and storing tuna fish flesh for consumption" and by its terms applies to any and all canning of tuna with casein, sodium hydroxide and water, just as taught in the prior art, no matter what the purpose. Petitioners' unwillingness to come to grips with the breadth of claim one underscores that their position is devoid of merit.

The Court of Appeals also followed proper standards with respect to the remaining claims of the '820 patent. It reversed on the ground that "no reasonable jury, applying properly interpreted claims, could have found infringement of claims 2-11 . . . ." App. A 6. In reaching this conclusion the court noted that these claims all required that "the combination of said casein, said compound and said water has a pH of at least 8.5," but that the "accused product has an overall pH of approximately 7, putting the product outside the coverage of claims 2-11." App. A 5.

Petitioners completely ignore this critical claim language. There are no *de novo* fact findings or credibility determinations involved in the Court of Appeals' decision. The claim language and the nature of Deltown's product are undisputed matters of record; Ernster and his experts admitted at trial that Deltown's accused product had an overall neutral pH of approximately 7. By contrast, all of claims 2 to 11

on their face required that "the combination of said casein, said compound and said water" have a highly alkaline pH of at least 8.5.

After reaching this unassailable holding, the Federal Circuit specifically considered Ernster's argument that by carefully sifting through the accused product with a sieve one can locate some small portions, up to 20%, of unreacted alkali having a pH of at least 8.5. Pet. 23. The court correctly adverted to the language of the claims, however, concluding that: "Claims 2-11, however, do not place the 'pH of at least 8.5' limitation on a sifted-out 'portion' of the casein combination. Rather the claims cover a '*combination*' which has a pH of at least 8.5. As such, claims 2-11 do not read on the accused product."[3] App. A 5-6. Because the claims are addressed to the pH of the overall "combination," there is no merit to petitioners' assertion that the Court of Appeals must ignore as "filler" the 80% of the overall combination other than the 8.5 pH sifted out portions. This is a matter of claim construction, which is a question of law that is clearly within the Court of Appeals' province to resolve. *SRI Intern. v. Matsushita Elec. Corp. of America*, 775 F.2d 1107, 1118 (Fed. Cir. 1985) (*en banc*). ("Claim interpretation or construction is a legal matter subject to review free of the clearly erroneous standard applicable to fact finding.")

In recognizing that the claims on their face required that the overall "combination" must have a pH of at least 8.5 in order to infringe, the Federal Circuit

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[3] Italics within quotations have been added throughout this brief unless otherwise stated.

rectified the injustice of a jury verdict that was oblivious to this legal standard and claim requirement. Petitioners totally ignore this claim requirement in their petition for certiorari. In discussing everything but the language of the claims, Pet. 19-24, the petition thus manifests a continued indifference to the vital role of the claims and proper claim construction in any patent decision.

The '933 Patent

In its decision on the '933 patent the Court of Appeals again paid the requisite heed to the claims which petitioners have ignored at all levels of these proceedings, including its petition before this Court. With the claims taken into consideration, the Court of Appeals reversed based on the proper legal standard that "no reasonable jury, applying properly interpreted claims, could have found infringement of any of the claims of the '933 patent." App. A 9. Of course, claim interpretation is a matter of law which is within the purview of the Court of Appeals. *SRI Intern. v. Matsushita Elec. Corp. of America*, *supra* at 1118.

In construing the '933 claims the Court of Appeals adverted to the well-known and universally accepted principle that the court must look to the specification and the prosecution history, citing *E.I. Du Pont de Nemours & Co. v. Phillips Petroleum Co.*, 849 F.2d 1430, 1438, 7 USPQ2d 1129, 1135 (Fed. Cir.), *cert. denied*, 488 U.S. 986 (1988), and to the doctrine of prosecution history estoppel—"A patentee may not adopt a claim interpretation disavowed during prosecution. *Jonsson v. Stanley Works*, 903 F.2d 812, 817-18, 14 USPQ2d 1863, 1868 (Fed. Cir. 1990)." App. A 6-7.

The Federal Circuit applied these principles to the limitation in each independent claim that the claimed hydrolyzed protein "is not sodium or potassium caseinate" or "an alkali metal caseinate." As held by the Court of Appeals, Ernster originally did not include such claim limitations, but his patent application was rejected by the PTO in light of the Van Horn patent which taught hydrolysis of casein for food products. App. A 6.

In response to the rejection, as noted by the Court of Appeals, Ernster amended his claims to add the critical limitation, "and wherein said hydrolyzed protein is not sodium or potassium caseinate." Ernster differentiated the "hydrolyzed protein" of his claims from sodium caseinate (which he had excluded from his claims by the amendment) on the basis of its pH, App. A 6, representing to the PTO that: "The pH of sodium caseinate is essentially neutral: whereas the pH of the composition of the above identified application is very alkaline, varying slightly from batch to batch .... But it, generally, is of the order of least pH 10." App. A 7.

The well-established doctrine of prosecution history estoppel compelled the Court of Appeals' conclusion that: "To distinguish his process from Van Horn's, Mr. Ernster equated 'sodium caseinate' with neutral pH and rephrased his claims to exclude coverage of processes yielding proteins with neutral pH. Deltown's product is essentially neutral with a pH of approximately 7. Mr. Ernster's patent does not encompass Deltown's process." App. A 7-8.

Petitioners at least acknowledge the limitations in the claims of the '933 patent excluding sodium caseinate or potassium caseinate from coverage, and they

acknowledge that sodium caseinate is characterized by a neutral pH of 7. Pet. 24. They further acknowledge the undisputed fact that Deltown's product had an "overall pH of 7," Pet. 25, but they again launch into the same untenable argument which they made with respect to the '820 patent. They contend that infringement exists because, by sifting Deltown's pH 7 product, small portions or hot spots of unreacted alkali can be found that have a pH in the range of 10. The Court of Appeals addressed this contention by again adverting to the specific claim language which the petitioners have routinely ignored at the trial level, at the Court of Appeals, and in the petition. As noted by the Court of Appeals, the claims refer to raising "the pH of said reaction vessel to at least pH 10," to making a "*composition*" with an "anionic" (alkaline) pH or a "*composition*" with "greater than pH 10" or to raising "the contents of said reaction vessel to at least pH 10." App. A 8. Ernster's argument based on small portions of carefully sifted out unreacted alkali, as opposed to the "composition" or the "contents of said reaction vessel," has no legal merit in light of this claim language so properly relied on by the Federal Circuit, yet so thoroughly ignored in the petition.

The Court of Appeals' decision was thus a matter of proper claim interpretation, not an instance in which the "jury could reasonably believe the experts' testimony that Deltown's product was not sodium caseinate . . ." Pet. 25. There was no such expert testimony, nor could any such testimony be reasonably believed because all the evidence, including Ernster's own representations to the PTO (see App. A 7), established that a pH of approximately 7 was the ear-

mark of the prior art sodium caseinate. The Court of Appeals' decision simply recognized that the overall pH of Deltown's product was admittedly 7. There was no weighing of "conflicting testimony of expert witnesses as to the nature of the substance manufactured by Deltown," as argued at Pet. 25.

The Court of Appeals correctly held: "In sum, every claim in the '933 patent contains some limitation—either express or evident from the prosecution history—to a pH of approximately 10. Nothing in the '933 patent indicates that the phrases 'reaction vessel' and 'contents of the reaction vessel' mean anything other than the contents as a whole. The pH claim limitations in the '933 patent refer to the pH of the entire hydrolyzed protein product, not to the pH of sifted portions of the product." App. A 8-9. The petition for certiorari completely ignores these claim limitations.

The '588 Patent

In reversing the infringement judgment with respect to the '588 patent, the Court of Appeals again followed the proper legal standard that "No reasonable jury could have found the properly construed claims of the '588 patent to cover the accused process." App. A 10. Whereas the other patents in suit dealt with the alkaline hydrolysis of casein, the '588 patent pertained to a particular type of enzymatic hydrolysis.

The Court of Appeals correctly viewed the doctrine of equivalents as limited by the doctrine of prosecution history estoppel. Paying heed to the claims of the patent which are studiously ignored in the petition for certiorari, the Federal Circuit noted that each of

the claims at issue required the enzymatic agent to be an "acid fungal protease derived from controlled fermentation of *Aspergillus niger*" and "a protease prepared from purified cultured liquid obtained from *Bacillus subtilis*." App. A 9. The court went on to state the undisputed facts that Deltown's accused process and product used enzymes derived from entirely different fungi, namely, *Mucor miehei* and *Mucor pusillus*, which were sold under the trade names Hannilase and Emporace. App. A 9. Because these enzymes were not literally covered by the claims, the Court of Appeals rightly concluded that "the jury must have found infringement under the doctrine of equivalents." App. A 9.

The court pointed out that: "The doctrine of equivalents, however, cannot recapture for the patentee matter disclaimed during prosecution of the patent or matter in the prior art when the patent issued. *Loctite Corp. v. Ultraseal Ltd.*, 781 F.2d 861, 870, 228 USPQ 90, 96 (Fed. Cir. 1985)." App. A 9. The Court of Appeals simply applied the well-known and established doctrine of prosecution history estoppel to the undisputed facts of record. It noted that Ernster had overcome a prior art PTO rejection by pointing to the criticality of using the particular enzymes referred to in the patent claims. Ernster represented to the PTO: "Just any enzyme is simply not equivalent to those specified in Applicant's claims. Just any enzyme . . . do[es] not yield compounds or products of processes which have the same properties as Applicant's composition of matters, and the products of Applicant's processes." Ernster also told the PTO that the use of the claimed enzymes is "One of the critical steps of Applicant's process" and that "Such a critical

step is not found" in the processes of the prior art. App. A 10.

Ernster clearly was bound by these representations that the particular claimed enzymes were critical. To nail down this conclusion, the court properly referred to the undisputed fact that the Kranenburg prior art patent "specifically taught enzymatic hydrolysis of casein with Hannilase and Emporace. These are the precise enzymes used in the accused process and product. Prosecution history estoppel prevents Mr. Ernster from acquiring coverage for matter he specifically disclaimed during prosecution." App. A 10.

Petitioners' arguments on the '588 patent totally ignore the foregoing claim limitations as to specific enzymes and the prosecution history in which Ernster stated that just any enzyme is "simply not equivalent" to those specified in his claims. While petitioners try to confuse the issue by saying that Ernster was "estopped from naming the trademarked enzyme in his patent, so file wrapper estoppel should not apply to his use of the technical names for the synthetic enzyme . . . ." Pet. 26, the alleged inability to use trademarked names had nothing to do with the Court of Appeals' decision. As held by the Federal Circuit, Ernster limited his claims to the use of certain specific enzymes identified by their technical names, which he told the PTO was a "critical step." Deltown's product employed different enzymes known by different technical names. Indeed, Deltown used the very enzymes that were specifically identified in the Kranenburg prior art patent.

Trade Secret Claims

After correctly stating the prerequisites of Missouri law for a trade secret claim, the Court of Appeals

noted the utter lack of proof of such a claim and concluded that "no reasonable jury could have found that Mr. Ernster possessed trade secrets." App. A 13. Even the petition concedes that the Court of Appeals "did cite the correct standard of review in its opinion" on the related trade secrets and unjust enrichment claims. Pet. 27.

Missouri law as viewed by the Court of Appeals, App. A 11, is in accord with other jurisdictions in holding that the subject matter of a trade secret must in fact be secret and cannot be something known to the industry or something which the alleged owner has disclosed to the trade or revealed in a patent. *National Rejectors Inc. v. Trieman*, 409 S.W.2d. 1, 19 (Mo. 1966) (en banc). Missouri law states that the claimant has the burden of establishing that it had protectable trade secrets; more than conclusory testimony is needed; bald assertions of a confidential relationship are insufficient. App. A 11-12.

The petitioner fell short on every one of these requirements and indeed manifested virtual ignorance of the elements of proof of trade secrecy. Peter Ernster actually testified that the weight of E-PRO-HY to be added to each can of tuna was a trade secret because one had to read his father's patent (claim 8 of the '820 patent) to find it out (A 2305). The Court of Appeals properly noted that patent disclosures eliminate trade secrecy status because matters revealed in published patents "are no longer secret at all." App. A 12. See *Water Technologies Corp. v. Calco, Ltd.*, 850 F.2d 660, 670 (Fed. Cir.), *cert. denied*, 488 U.S. 986 (1988).

Addressing Ernster's contention that his trade secrets were contained in trade information books that

he freely and without restriction distributed to Ralston and other tuna canners as sales tools, the Court of Appeals correctly followed the law in concluding: "These books, however, contained no confidential markings. Rather, Mr. Ernster himself distributed the books to prospective customers. The records contains *no evidence* that Mr. Ernster retained control over the books in the hands of customers or prospective customers * * * Mr. Ernster did not show that his alleged secrets were secret at all or that he took steps to ensure their secrecy." App. A 12-13. In the absence of any such compliance with the legal requirements of proving a trade secret claim, the Court of Appeals properly reversed.

Contrary to petitioners' argument (Pet. 28, n. 39) based on *National Rejectors, Inc. v. Trieman*, *supra* at 19, Missouri law *does* require that specific criteria be met before one's information is given trade secret protection. The very portion of the *National Rejectors* decision quoted by the Court of Appeals states that:

> "The subject matter of a trade secret must be secret. Matters of public knowledge or of general knowledge in an industry cannot be appropriated by one as his secret."

Id. at 19.

Petitioners are incorrect as a matter of Missouri law, therefore, when they argue that the information books which Ernster gave to Van Camp and other canners, as sales tools and without confidentiality agreements, are trade secrets as to Respondent Van Camp "even if it might have been known in other parts of the public domain." Pet. 28, n. 38.

Although the Federal Circuit did not have to reach this issue, it could have reversed the trade secret judgment against Deltown on the ground that the alleged trade secrets refer to the canning of tuna and Deltown never canned any tuna. Deltown merely supplied Ralston's Van Camp division with the caseinate product used by Van Camp in the canning process. Ernster made no effort to prove that he revealed any trade secret information to Deltown, or that Deltown used such information in canning tuna. Ernster had no dealings with Deltown. He only dealt with Van Camp and other tuna canners.

The jury paid no heed whatsoever to any of these deficiencies of proof in rendering a trade secret verdict against Deltown. Since the petition for certiorari speaks only of alleged trade secret misappropriation by Van Camp, it does not address the reversal of the trade secret judgment against Deltown.

Unjust Enrichment and Fraud

Because "Ernster's unjust enrichment and fraud claims are based upon misappropriation of trade secrets," the Court of Appeals properly reversed such additional judgments when it concluded that Ernster had failed to establish either the existence of trade secrets or any misappropriation thereof. App. A 13-14.

Wrongful Interference With Business Expectancies

Having concluded that there was no patent infringement or trade secret misappropriation, the Court of Appeals recognized that there was no support for the jury's findings that Deltown wrongfully interfered with Ernster's business expectancy with Ralston. There was no contract of any kind between Ernster and Ralston, and Deltown's non-infringing ac-

tivities constituted nothing more than "legal competitive conduct." App. A 13. The Federal Circuit concluded that "Fair competition in the marketplace does not give rise to a sustainable claim of wrongful interference," citing *Henry v. Chloride, Inc.*, 809 F.2d 1334, 1351 (8th Cir. 1987), which held:

> ". . . competitive conduct which is neither illegal nor independently actionable does not become actionable because it interferes with another's prospective contractual relations." App. A 13

Following these well-established legal principles, the Court of Appeals reversed on the proper ground that there was no "sufficient evidence to convince any reasonable jury that Deltown wrongfully interfered . . ." App. A 13.

3. The Federal Circuit's Decisions In Other Unrelated Cases Do Not Show That Any Rights of Petitioners Were Violated By Its Decision In the Present Case.

The petitioners concede a "recognition by the Court of the traditional review standards," Pet. 10. Nonetheless, they accuse the court of "judicial activism," of "using their scientific backgrounds and technical expertise to reevaluate the jury's factual determinations," of "considering evidence outside of the record (i.e., never heard by the jury)," and of "using a *de facto, de novo* standard of review." Pet. 10.

The petition does not support this sweeping indictment, as the foregoing analysis of the Federal Circuit's decision manifestly demonstrates. The petitioners complain of reversals by the Federal Circuit in other cases bearing no resemblance to this case other than involvement of patent issues. In most

of these other cited cases, decided years ago, this Court denied certiorari. Pet. 11-12, n. 15.

Petitioners quote self-appointed "scholars" who criticized the Federal Circuit in articles written seven years ago, Pet. 11, n. 12; Pet. 13; n. 16, and dissenting opinions entered by Federal Circuit judges in other unrelated cases, Pet. 13, 15. They then argue that the Federal Circuit reversal rates from 1982 to 1985 *per se* demonstrate the "CAFC's campaign to manipulate jury findings to its will . . ." Pet. 13. Based heavily on these other cases, the petitioners argue that their Seventh Amendment jury rights have been violated, and that in patent cases the Federal Circuit does not follow the same standards of review that are followed by other Circuits in cases not involving patents. Pet. 12-15. The argument is nonsense.

Contrary to petitioners' arguments, the Federal Circuit is well aware that jury findings are entitled to deference; it has held that such findings must be upheld on appeal if they are supported by "substantial evidence." *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1578, 1 USPQ2d 1081, 1090 (Fed. Cir. 1986). When it is necessary for the jury to interpret a claim en route to deciding infringement, however, the jury verdict may be overturned on appeal if "no reasonable juror could have interpreted the claim in the fashion that supports the infringement finding." *McGill Inc. v. John Zink Co.*, 736 F.2d 666, 672, 221 USPQ 944, 948 (Fed. Cir.), *cert. denied*, 469 U.S. 1037 (1984). That is precisely the standard followed by the Federal Circuit in the decision below.

Moreover, current statistics reflect nothing unusual regarding reversal rates by the Federal Circuit. In the statistical year ending on June 30, 1989, the Fed-

eral Circuit reached terminations in 336 cases appealed from district courts. Of these terminations, 78% resulted in affirmances in whole or in part. In the statistical year ending June 30, 1990, there were 328 such terminations in which 77% resulted in affirmances in whole or part. These statistics, obtained from the Report of the United States Court of Appeals for the Federal Circuit (1989-1990) by the Honorable Howard T. Markey, Circuit Judge, at pp. 14-15, show no epidemic of reversals as suggested in the petition. Moreover, jury trials in patent cases are on the increase, having risen from 30% of patent trials in 1982 to 51% in 1992, according to data reported in the National Law Journal, Jan. 18, 1993, at p. S7. This hardly suggests any abuse of jury trial rights by the Federal Circuit.

Petitioners request "that they be given the same right to have a jury trial and to have that jury determination upheld as would be granted in any other type of case." Pet. 15. That is exactly what petitioners did receive. The petitioners have not established that the Federal Circuit applied any different standard of review than applied by the other Circuits in other types of cases. The petition is less than candid in condemning the Federal Circuit without mentioning the critical claim and evidentiary limitations on which the Federal Circuit's decision was based. The jury verdicts were properly overturned for valid reasons that were in accord with principles of law applied correctly. Petitioners have not shown otherwise.

CONCLUSION

The Federal Circuit employed the same standards of review used by the other Circuits and did not weigh conflicting evidence or engage in *de novo* fact finding. It merely applied the claims of the patent, as properly construed, to the accused products and processes which were undisputed facts of record. It relied on the standard principles of claim construction and the universally accepted doctrine of prosecution history estoppel in light of the undisputed statements made by Ernster to the PTO in obtaining the patents. The decision below does not conflict with any principles of law, with decisions of other Circuits or with proper standards of review. The decision affects only these parties, these patents, and these particular state law claims. It does not purport to set any precedent, important or otherwise. This a private civil dispute with no widespread ramifications or social implications.

The petition for a writ of certiorari should be denied.

Respectfully submitted,

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